Annual Financial Report

as at 31 December 2021

SERVIZI ITALIA S.P.A.
Via S. Pietro, 59/B
43019 Castellina di Soragna (PR) – ITALY
Tel. +39 0521 598511 – sede@si-servizitalia.com
www.servizitaliagroup.com

TABLE OF CONTENTS

SERVIZI ITALIA S.P.A.

Registered offices in Via San Pietro 59/B – Castellina di Soragna (Parma), Italy

Share Capital € 31,809,451 fully paid-up

Tax code and Parma Business Register enrolment No. 08531760158

VAT No. 02144660343

NOTICE OF CALL OF THE ORDINARY SHAREHOLDERS' MEETING

Those entitled to participate in the Shareholders' Meeting of Servizi Italia S.p.A. (the "**Company**") and exercise the right to vote are called to an Ordinary Shareholders' Meeting at the registered offices in Via San Pietro 59/b, 43019 Castellina di Soragna (Parma), on a first call on **20 April 2022 at 10:30 a.m.** and, if necessary, upon a second call, on 21 April 2022, at the same time and place, to discuss and resolve on the following:

AGENDA

1. Separate financial statements as at 31 December 2021; Board of Directors' management report; Board of Statutory Auditors' Report and Independent Auditors' Report; allocation of the profit for the year; related and consequent resolutions; presentation of the consolidated financial statements as at 31 December 2021.

   1.1. approval of the separate financial statements as at 31 December 2021 and of the Director's Report on Operations of the Board of Directors.

   1.2. allocation of the profit (loss) for the year.

2. Report on remuneration policy and remuneration paid as per article 123-ter of Italian Legislative Decree No. 58 of 24 February 1998; advisory vote on the second section; related and consequent resolutions.

3. Integration of the Board of Statutory Auditors; related and consequent resolutions:

   3.1. integration of the Board of Statutory Auditors;

   3.2. determination of the relative remuneration.

SHARE CAPITAL AND RIGHT TO VOTE

The Company's share capital is equal to Euro 31,809,451.00, divided up into 31,809,451 ordinary shares with a par value of Euro 1 each. Each share assigns the right to one vote. As at 4 March 2022, the Company held 2,092,658 treasury shares, in relation to which - pursuant to the law - the voting right is suspended. This number could vary in the period up to the date of the Shareholders' Meeting and the updated number of treasury shares will be communicated at the opening of the meeting. The information on the composition of the share capital is available on the website www.servizitaliagroup.com (Corporate Governance>Shareholders' Meeting>2022).

ENTITLE TO ATTEND THE SHAREHOLDERS' MEETING

Taking into account the containment measures imposed in the face of the epidemiological emergency situation due to Covid-19, pursuant to art. 106, paragraph 4 of Decree Law no. 18 (the "Cura Italia Decree", converted by Law no. 27 of 24 April 2020, as last amended by Decree Law no. 228 of 30 December 2021), participation in the Shareholders' Meeting by those with voting rights is allowed only through the representative appointed by the Company pursuant to art. 135-undecies of Italian Legislative Decree 58/98 as amended ("TUF").
It should be noted that the Designated Representative may also be given proxies or sub-proxies pursuant to art. 135-*novies*, of the TUF, in derogation of art. 135-*undecies*, paragraph 4, of the TUF in the manner and within the deadline indicated on the aforementioned website of the Company.

Pursuant to Article 83-sexies of the Consolidated Law on Finance and Article 13 of the Articles of Association, shareholders are entitled to vote, exclusively via the representative appointed by the Company, and the Company has received the communication from the appointed intermediaries, bearing witness to their ownership of voting rights on the shares on the basis of its accounting records relating to the end of the accounting day of 7 April 2022 (record date), corresponding to the seventh open market day prior to the date fixed for the meeting in first calling. Those becoming owners of shares only after the record date will not be entitled to participate and vote during the meeting.

The Company must receive the intermediary's communication by the end of the third open market day prior to the date set for the first call of the Shareholders' Meeting (i.e. by 13 April 2022); however, the right to participate and vote will remain in place if the communications made by the intermediary is received by the Company after said term, provided that it is before the beginning of the single call of the meeting.

METHOD OF PARTICIPATION IN THE SHAREHOLDERS 'MEETING AND ASSIGNMENT OF PROXIES TO THE DESIGNATED REPRESENTATIVE

Pursuant to art. 106, paragraph 4 of the Cura Italia Decree, participation and voting in the Shareholders' Meeting by those who have the right to vote is allowed only through **the** representative appointed by the Company pursuant to art. 135-*undecies* of the Consolidated Law on Finance, which must be delegated or sub-delegated, with the methods and conditions indicated below.

Consequently, the Company appointed Computershare S.p.A. - with registered office in Milan, via Mascheroni no. 19, 20145 - to represent the Shareholders pursuant to art. 135-undecies of the Consolidated Law on Finance and the aforementioned Cura Italia Decree (the "Designated Representative").

Moreover, given the current epidemiological emergency situation from Covid-19 and in compliance with the fundamental principles of health protection, the Directors, the Statutory Auditors, the Designated Representative, as well as the other entitled parties other than those who have the right to vote (who must delegate the Designated Representative), may participate in the Shareholders 'Meeting by means of telecommunications that also guarantee identification, in compliance with the provisions of art. 106, paragraph 2 of the Cura Italia Decree. The instructions for participation in the Shareholders 'Meeting by means of telecommunication will be made known by the Company to the parties concerned.

The parties with voting rights who intend to participate in the Shareholders 'Meeting must therefore assign to the Designated Representative either:

(i) a proxy - with voting instructions - on all or some of the proposed resolutions on the items on the agenda, in compliance with the provisions of art.135-undecies of the Consolidated Law on Finance, using the specific proxy form prepared by the Designated Representative in accordance with the Company, available on the Company's website www.servizitaliagroup.com (Corporate Governance>Shareholders' Meeting>2022). This proxy form with the voting instructions, together with the copy of a valid document, must be sent to the Designated Representative to the certified e-mail address ufficiomilano@pecserviziotitoli.it or following the instructions on the form and on the Company's website, by the end of the second trading day prior to the General Meeting (i.e. by 14 April 2022 in relation to the first call, i.e. by 19 April 2022 in relation to the second call). The proxy may be revoked in the same terms. The proxy granted in this way is effective only for proposals in relation to which voting instructions have been given;

(ii) proxy or sub-proxy pursuant to art. 135-novies of the Consolidated Law on Finance and notwithstanding art. 135-undecies, paragraph 4 of the Consolidated Law on Finance. To this end, a form can be found on the Company's website at www.servizitaliagroup.com (*Corporate Governance*>Shareholders' Meeting>2022) to be used for granting the proxy/sub-proxy for participation and voting in the Shareholders' Meeting. These proxies or sub-proxies, together with the copy of a valid document and voting instructions, must be sent to the Designated Representative to the certified e-mail address ufficiomilano@pecserviziotitoli.it or following the instructions on the form and on the Company's website by 12 noon of 19 April 2022 (or by 12 noon of 20 April 2022 in relation to the second call).

It should be noted that the shares for which the proxy, even partial, has been granted are calculated for the purposes of the regular constitution of the Shareholders' Meeting. In relation to proposals for which no voting instructions have been given, the shares are not included in the calculation of the majority and the share capital required for the approval of the resolutions.

The granting of the proxy to the Designated Representative does not involve expenses for the delegating party (with the exception of any delivery costs).

The Designated Representative will be available for clarification or information at the number 02-46776819 or at the e-mail address officesomi@computershare.it.

RIGHT TO ASK QUESTIONS ON THE BUSINESS PLACED ON THE AGENDA

Pursuant to Article 127-ter of the Consolidate Law on Finance, those who have the right to vote can ask questions on the business placed on the agenda, also before the meeting, by submitting them to the Company by the deadline of 7 April 2022, corresponding to the seventh market day before the date set for the Shareholders' Meeting in first call (record date), by registered letter sent to the Company's registered offices, or via certified e-mail to the e-mail address si-servizitalia@postacert.cedacri.it. In order to exercise this right, the Company must receive a specific communication issued by the intermediaries authorised in accordance with their records. Questions regularly received by 7 April 2022 will be answered by 15:00 hours of 13 April 2022 through publication on the Company's website www.servizitaliagroup.com (Corporate Governance>Shareholders' Meeting>2022), in order to enable those entitled to vote to express their opinion on the items on the agenda. The Company may provide a single answer to questions with the same content.

SUPPLEMENTING OF THE AGENDA AND PRESENTATION OF NEW RESOLUTION PROPOSALS

Pursuant to Article 126-bis of the Consolidate Law on Finance, the Shareholders which, also jointly, represent at least a fortieth of the Company’s share capital, can request, within ten days of the publication of the call for the Meeting (i.e. by 17 March 2022), to add to the meeting's agenda some additional items that they must indicate in their request, or they can submit new resolution proposals on the items already included in the agenda. The request to add to the list of business to be discussed is not permitted for matters on which the Shareholders' Meeting resolves, in accordance with the law, on the proposal of the directors or on the basis of a project or a report prepared by them, other than the one envisaged by Art. 125-ter, first paragraph, of the Consolidated Law on Finance. The requests must be presented in writing, forwarded via registered letter with acknowledgement of receipt, to the Company’s registered offices, or by means of notification to the certified e-mail address si-servizitalia@postacert.cedacri.it and accompanied by a specific communication issued by the intermediaries care of which the shares owned by the Shareholders are deposited. The Shareholders who request the integration of the agenda must draw up a report which discloses the reason for the resolution proposals on the new business whose discussion they propose, or the reason relating to the additional resolution proposals presented on the business already on the agenda. The report must be delivered to the administrative body by the deadline for submitting the integration request. Disclosure shall be made of any integration of the list of business which the meeting shall have to deal with or the presentation of additional resolution proposals on the matters already on the agenda, in the prescribed forms for the publication of this notice of call, at least fifteen days before the date fixed for the meeting in first call. At the same time, the administrative body will make the report prepared by the Shareholders available to the public at the registered office, on the Company's website and on the authorised storage mechanism eMarket Storage at www.emarkestorage.com, accompanied by their own assessments.

SUBMISSION OF INDIVIDUAL RESOLUTION PROPOSALS

Since participation in the Shareholders ’Meeting and the exercise of voting rights may take place exclusively through the Designated Representative, in order to make it possible for the parties concerned to exercise the right pursuant to art. 126-bis, paragraph 1, third sentence, of the Consolidated Law on Finance, those with voting rights are allowed to submit individual resolution proposals on the items on the agenda of the Shareholders' Meeting, by sending them to the Company by 7 April 2022 through their certified e-mail address to the following certified e-mail address si-servizitalia@postacert.cedacri.it; the aforementioned proposals must be formulated in a clear and complete manner, and accompanied by the information that allows the identification of the subject submitting them, including - where possible - a telephone number.

The legitimacy to formulate proposals must be attested by the communication made by an authorized intermediary pursuant to the regulations in force, issued pursuant to art. 83-sexies of the Consolidated Law on Finance in accordance with the methods specified in the previous paragraph “Entitlement to attend the Shareholders' Meeting”.

For the purposes of the above, the Company reserves the right to verify the relevance of the proposals with respect to the items on the agenda, their completeness and their compliance with applicable regulations, as well as the legitimacy of the proposers.

The resolution proposals duly received (and any accompanying explanatory reports) will be published on the Company’s website at *www.servizitaliagroup.com* (Corporate Governance>Shareholders’ Meeting>2022) by 13 April 2022, in order to allow those entitled to vote to express their opinion knowingly, also taking into account these new proposals, and to the Designated Representative to collect any voting instructions also on the same.

INTEGRATION OF THE BOARD OF STATUTORY AUDITORS

With reference to the third item on the agenda, the Shareholders are called upon to integrate the Board of Statutory Auditors pursuant to art. 2401 of the Italian Civil Code, either by means of (i) the confirmation as Standing Auditor of the Alternate Auditor and the appointment of a new Alternate Auditor, or (ii) the appointment of a new Standing Auditor, in which case the Alternate Auditor who has already taken over the office as Statutory Auditor, will return to the position of Alternate Auditor; pursuant to art. 2401 of the Italian Civil Code, the mandate of the new candidates will expire at the same time as that of the members of the Board in office (therefore with the Shareholders' Meeting called to approve the financial statements for the year at 31 December 2022).

Please note that the list voting mechanism will not apply and the Shareholders' Meeting will be called to resolve upon the integration of the Board of Statutory Auditors pursuant to art. 20 of the Articles of Association, with the majorities required by

law, in compliance with the criteria for the composition of the Board of Statutory Auditors provided for by the current legislation, including regulations, and by art. 20 of the Articles of Association.
It should be noted that art. 20.1 of the Articles of Association provides that the composition of the Board of Statutory Auditors must ensure balance between genders in compliance with the legislation, including regulations, in force from time to time which, at the moment, in implementation of the current art. 148, paragraph 1-*bis* of the Consolidated Law on Finance (as replaced by Law no. 160 of 27 December 2019), reserves a share for the less represented gender equal to at least two fifths of the effective members of the Board of Statutory Auditors, with rounding down to the lower unit (as the Board of Statutory Auditors is a body made up of three effective members). Therefore, taking into account the need to respect the balance between genders even in the event of the replacement of Statutory Auditors during the term of office, at least one Statutory Auditor and one Alternate Auditor who can replace them must belong to the less represented gender within the Board of Statutory Auditors.
The Auditors must meet the requisites of integrity, professionalism and independence provided for by the legislation, including regulations, in force; to this end, art. 20.3 of the Articles of Association specifies that matters and sectors of activity strictly related to the Company's ones are considered to be those indicated in the corporate purpose.
We invite the Shareholders to submit the candidate lists for the office of Standing Auditor and/or Alternate Auditor, at the Company's registered office, sufficiently in advance, in order to facilitate the collection of proxies and relative voting instructions by the Designated Representative, accompanied by: (i) information on the identity of the Shareholders presenting the list, indicating the total percent shareholding, supported by appropriate documentation issued by an intermediate allowed to do so by law; (ii) the curriculum vitae of each candidate, containing a thorough description of the personal and professional characteristics and indicating the administration and control positions held in other companies, as well as (iv) the declarations whereby the individual candidates accept the candidature and certify, under their responsibility, that there are no grounds for ineligibility or incompatibility, also with regard to the limits on cumulative number of positions envisaged by the regulations in effect and by Art. 20.2 of the Articles of Association, and possession of the requirements envisaged by law and by the Articles of Association to take on the position of Statutory Auditor.
Considering that, pursuant to Article 2400, last paragraph, of the Italian Civil Code, at the time of appointment and prior to acceptance, the Shareholders' Meeting must be informed of the administration and control positions held by the Statutory Auditors in other companies, we invite you to update this information, included in the curricula filed at the Company's registered office, up to the day of the appointment by the Shareholders' Meeting.
Nominations must be submitted to the Company's registered office through registered letter (for the attention of the Chairman of the Board of Directors) or by certified email to the following address: si-servizitalia@postacert.cedacri.it.
Shareholders who intend to submit nominations are also advised to prepare and file a proposal for a resolution on the third item of the agenda of the Shareholders' Meeting.
For additional information, see the illustrative report of the Board of Directors, drawn up pursuant to Art. 125-ter of the Consolidated Law on Finance, made available to the public as of today at the registered offices, on the website www.servizitaliagroup.com (Corporate Governance>Shareholders' Meeting>2022), as well as on the authorised storage mechanism eMarket Storage at www.emarkestorage.com.

DOCUMENTATION

The illustrative report of the Board of Directors, drawn up pursuant to Art. 125-ter of the Consolidated Law on Finance (including the resolution proposals on item 2 of the agenda), is made available to the public as of today at the registered offices of the Company, on the website www.servizitaliagroup.com (Corporate Governance>Shareholders' Meeting>2022), as well as on the authorised storage mechanism eMarket Storage at www.emarkestorage.com.
By 29 March 2022, the Annual Financial Report as at 31 December 2021 (including, among other things, the separate financial statements as at 31 December 2021, the Report on Operations of the Board of Directors and the proposal for resolution on the first item of the agenda), the Reports of the Board of Statutory Auditors and of the Independent Auditors, the Consolidated Non-financial Disclosure pursuant to Italian Legislative Decree no. 254/16, the annual Report on corporate governance and ownership structure and the Report on the remuneration policy and amounts paid pursuant to Article 123-ter of the Consolidated Law on Finance. In the same way, the candidates presented for the integration of the Board of Statutory Auditors will be made available to the public.
The remaining documentation useful for the meeting shall be published by the deadlines and through the methods provided by law and by the regulations.

The shareholders have the faculty to obtain a copy of the deposited documentation at their own expense.

Please also note that, pursuant to Art. 125-quater of the Consolidated Law on Finance, the following documents or information are made available on the Company's website https://www.servizitaliagroup.com/corporate-governance/assemblea-dei-soci?year=2022: (i) documents which will be submitted to the meeting; (ii) the proxy/sub-proxy forms prepared by the Designated Representative in agreement with the Company; (iii) information on the amount of the Company's share capital with indication of number and categories of shares into which it is divided.

REQUEST FOR INFORMATION

With regard to any additional information relating to the Shareholders' Meeting, and in particular the formalities for exercising the rights, it is possible to consult the Company's website www.servizitaliagroup.com (Corporate Governance>Shareholders' Meeting>2022) or to write to the Corporate Affairs office at the following certified e-mail address si-servizitalia@postacert.cedacri.it.

This notice of call is published as of today's date, pursuant to Art. 125-bis of the Consolidated Law on Fiance and Art. 11 of the Articles of Association, on the Company's website *www.servizitaliagroup.com* (Corporate Governance>Shareholders' Meeting>2022) and is available on the authorised storage mechanism eMarket Storage at *www.emarkestorage.com* and, in extract form, in the newspaper Italia Oggi of 7 March 2022.

The Company reserves the right to communicate any changes to the information covered by this notice in consideration of the measures that may become necessary or appropriate in relation to the current epidemiological emergency situation due to Covid-19 and its developments.

Castellina di Soragna, Parma, 7 March 2022

The Chairman of the Board of Directors
Signed Roberto Olivi

COMPANY OFFICERS AND CORPORATE INFORMATION

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

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

(1) Member of the 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	Chairman
Gianfranco Milanesi	Statutory auditor
Elena Iotti*	Statutory auditor
Davide Barbieri	Alternate auditor

*In office until the meeting following that of 20-21 April 2021

Supervisory Body (in office until 2 February 2025)

Name and Surname	Position
Veronica Camellini	Chairman
Francesco Magrini	Member
Antonio Ciriello	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 offices and company information

Servizi Italia S.p.A. Via S. Pietro, 59/b – 43019 Castellina di Soragna (Parma) – Italy
Tel.+390524598511, Fax+390524598232, website: www.si-servizitalia.com;
Share Capital: Euro 31,809,451 fully paid-up
Tax code and Parma Company's Register no. 08531760158; Certified email: si-servizitalia@postacert.cedacri.it
Founded: 1986
Listing segment: Euronext STAR Milan
Ordinary Share ISIN codes: IT0003814537, BLOOMBERG: SRI IM, REUTERS: SRI.MI
LEI Code: 815600C8F6D5ACBA9F86

Investor Relations

Pietro Giliotti (IR)
e-mail: investor@si-servizitalia.com – Tel. +390524598511, Fax +390524598232

GROUP STRUCTURE

Servizi Italia S.p.A., registered offices in Castellina di Soragna (Parma, Italy), listed in the Euronext STAR Milan segment, 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, textile sterilisation centres, surgical instrument sterilisation centres and numerous wardrobes, the Company and its Italian and overseas subsidiaries forming the Servizi Italia Group provide their 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 31 December 2021, the Servizi Italia Group included the following Companies:

Company Name Parent Company and Subsidiaries	Registered office	Share capital		Interest of equity investment
Servizi Italia S.p.A.	Castellina di Soragna (Parma) - Italy	EUR	31,809,451	Parent
SRI Empreendimentos e Participações Ltda	City of São Paulo, State of São Paulo - Brazil	BRL	210,827,982	100%
Steritek S.p.A.	Malagnino (Cremona)- Italy	EUR	134,500	70%
San Martino 2000 S.c.r.l.	Genoa - Italy	EUR	10,000	60%
Lavsim Higienização Têxtil S.A.	São Roque, State of São Paulo - Brazil	BRL	29,630,000	100%(*)
Maxlav Lavanderia Especializada S.A.	Jaguariúna, State of São Paulo - Brazil	BRL	2,825,060	100%(*)
Vida Lavanderias Especializada S.A.	São Roque, State of 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.	Smyrna - Turkey	TRY	1,700,000	57.5% (**)
Wash Service S.r.l.	Castellina di Soragna (Parma) - Italy	EUR	10,000	90%
Ekolav S.r.l.	Lastra a Signa (Florence) - Italy	EUR	100,000	100%

(*) held through SRI Empreendimentos e Participações Ltda

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

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

Company name Associates and Jointly-controlled Companies	Registered office	Share capital		Interest of equity investment
Arezzo Servizi S.c.r.l.	Arezzo - Italy	EUR	10,000	50%
PSIS S.r.l.	Padua - Italy	EUR	10,000,000	50%
Steril Piemonte S.c.r.l.	Turin - Italy	EUR	4,000,000	50%
AMG S.r.l.	Busca (Cuneo) - Italy	EUR	100,000	50%
Iniziative Produttive Piemontesi S.r.l.	Turin - Italy	EUR	2,500,000	37.63%
Piemonte Servizi Sanitari S.c.r.l.	Turin - Italy	EUR	10,000	30%(*)
SAS Sterilizasyon Servisleri A.Ş.	Istanbul - Turkey	TRY	24,467,000	51%
Shubhram Hospital Solutions Private Ltd.	New Delhi - India	INR	362,219,020	51%
Finanza & Progetti S.p.A.	Vicenza - Italy	EUR	550,000	50%
Brixia S.r.l.	Milan - Italy	EUR	10,000	23%
Saniservice Sh.p.k.	Tirana – Albania	LEK	2,745,600	30%
Sanitary cleaning Sh.p.k.	Tirana – Albania	LEK	2,798,800	40%
Servizi Sanitari Integrati Marocco S.a.r.l.	Casablanca - Morocco	MAD	122,000	51%
StirApp S.r.l in liquidation	Modena – Italy	EUR	208,124	25%

(*) The 15.05% indirect shareholding held through Iniziative Produttive Piemontesi S.r.l. should be added to this.

DIRECTORS' REPORT

This Directors' report includes the data regarding the separate and consolidated financial statements as at 31 December 2021, prepared in compliance with the IAS/IFRS international accounting standards. The Group's main financial highlights as at 31 December 2021 are shown below, compared with those of the previous year.

The consolidated subsidiaries are San Martino 2000 S.c.r.l., SRI Empreendimentos e Participações Ltda and relative subsidiaries (Lavsim Higienização Têxtil S.A., Maxlav Lavanderia Especializada S.A., Vida Lavanderias Especializada S.A., Aqualav Serviços De Higienização Ltda) and Ankateks Turizm İnşaat Tekstil Temizleme Sanayi ve Ticaret Ltd Şirketi (parent company of the company: Ergülteks Temizlik Tekstil Ltd. Sti.), Steritek S.p.A., Wash Service S.r.l. and Ekolav S.r.l. In order to allow for a better evaluation of the economic and financial performance, the following summary tables show some "Alternative performance indicators", not provided by the IFRS International Accounting Standards. The footnotes of said tables indicate the calculation method used and the composition of these ratios, in line with the guidelines of the European Securities and Market Authority (ESMA).

SERVIZI ITALIA S.p.A.

The separate financial statements of Servizi Italia S.p.A. disclose a shareholders' equity of Euro 121,688 thousand. The profit for the year was equal to Euro 4,812 thousand, recognised after current and deferred taxes for Euro 448 thousand and Euro 44,961 thousand for amortisation, depreciation, impairments and provisions.

1 Main income statement figures

The table below shows a comparison of the main 2021 income statement figures with the results for 2020:

(thousands of Euros)	31 December 2021	31 December 2020	Change	Change % on turnover
Revenues	211,755	195,574	16,181	8.3%
Ebitda[(a)]	51,424	43,198	8,226	4.2%
EBITDA %	*24.3%*	*22.1%*		
Operating profit (EBIT)	6,464	(356)	6,820	3.5%
Operating profit (EBIT)%	*3.1%*	*-0.2%*		
Profit before tax	5,260	333	4,927	2.5%
Profit before tax %	*2.5%*	*0.2%*		
Net profit	4,812	2,586	2,226	1.1%
Net profit %	*2.3%*	*1.3%*		

[(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.

2 Main statement of financial position figures

The table below presents a comparison of the main consolidated statement of financial position figures as at 31 December 2021 with the figures as at 31 December 2020:

(thousands of Euros)	31 December 2021	31 December 2020	Change	Change %
Net operating working capital[a]	(10,657)	(15,181)	4,524	-29.8%
Other current assets/liabilities[b]	(10,423)	(10,669)	246	-2.3%
Net working capital	**(21,080)**	**(25,850)**	**4,770**	**-18.5%**
Non-current assets - medium/long-term provisions	256,092	263,987	(7,895)	-3.0%
of which Rights of use under IFRS 16	*24,976*	*27,475*	*(2,499)*	*-9.1%*
Net invested capital	**235,012**	**238,137**	**(3,125)**	**-1.3%**
Shareholders' equity (B)	121,688	121,102	586	0.5%
Net financial debt[d] (A)	113,323	117,035	(3,712)	-3.2%
of which Rights of use under IFRS 16	26,756	28,743	(1,987)	-6.9%
Net invested capital[c]	**235,011**	**238,137**	**(3,126)**	**-1.3%**
Gearing [A/(A+B)]	**48.2%**	**49.1%**		
Debt/Equity (A/B)	**93.1%**	**96.64%**		

[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] Company management has defined net invested capital as the sum of Company's Shareholders' equity and net financial debt.
[d] The management of the Company 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.

3 Main cash flow figures

The table below presents a comparison between the main separate cash flow figures as at 31 December 2021 and as at 31 December 2020 (in thousands of Euros):

(thousands of Euros)	31 December 2021	31 December 2020	Change
Cash flow generated (absorbed) by operations	39,410	47,392	(7,982)
Net cash flow generated (absorbed) by investment activities	(36,792)	(46,869)	10,077
Net cash flow generated (absorbed) by financing activities	(2,848)	(1,688)	(1,160)
Increase/(decrease) in cash and cash equivalents	(230)	(1,166)	936
Opening cash and cash equivalents	996	2,162	(1,166)
Closing cash and cash equivalents	766	996	(230)

SERVIZI ITALIA GROUP

The consolidated financial statements as at 31 December 2021 present Group shareholders' equity of Euro 119,684 thousand and shareholders' equity attributable to non-controlling interests of Euro 1,435 thousand. The result for the year was a profit of Euro 7,237 thousand. This result was achieved after current and deferred tax for Euro 937 thousand and Euro 55,114 thousand for amortisation, depreciation, impairments and provision.

The companies, consolidated line-by-line in the financial statements for the period ended 31 December 2021, were as follows:

Consorzio San Martino 2000 S.c.r.l., a consortium company established in 2003, with its registered office in Genoa, for the management of the contract relating to the San Martino hospital in Genoa, 60% of which pertaining to Servizi Italia S.p.A., operates exclusively as intermediary between the customer and the consortia companies without generating its own profits.

Steritek S.p.A., a joint-stock company established in 1999 with its registered office in Malagnino (Cremona), the leading Italian supplier of system validation and control services for sterilisation processes and surgical instrument washing systems. The consolidation of Steritek S.p.A. generated sales revenues for Euro 3,356 thousand, an EBITDA of Euro 832 thousand, an EBIT of Euro 708 thousand and a profit pertaining to the Group of Euro 337 thousand.

SRI Empreendimentos e Participações Ltda**, a company wholly owned by Servizi Italia S.p.A., owns:**

- as from 19 July 2013, a shareholding of 50.1% in the share capital of Maxlav Lavanderia Especializada S.A. with its registered office in Jaguariùna, State of São Paulo (Brazil), now equal to 100% due to the exercise, on 9 October 2018 and 15 April 2020, of pre-emption rights on a 15% and 34.9% non-controlling interest respectively;
- as from 19 July 2013, a shareholding of 50.1% in the share capital of Vida Lavanderias Especializada S.A., with headquarters in Santana de Parnaiba, State of São Paulo (Brazil), now equal to 100% due to the exercise, on 9 October 2018 and 15 April 2020, of pre-emption rights on a 15% and 34.9% non-controlling interest respectively;
- as from 20 January 2015, a shareholding of 100% in the share capital of Lavsim Higienização Têxtil S.A., a Brazilian company with headquarters in São Roque, State of São Paulo (Brazil), already controlled as from 2 July 2012 by SRI Empreendimentos e Participações Ltda;
- as from 23 December 2015, a shareholding of 100% in the share capital of the company, under Brazilian law, Aqualav Serviços De Higienização Ltda, with headquarters in Vila Idalina, Poá, State of São Paulo (Brazil).

The companies are involved in the supply of laundry services in the health sector in the State of São Paulo and the different brands meet the requirements in terms of textile processing services for hospitals and healthcare facilities. The consolidation of the companies of the Brazilian perimeter generated sales revenues for Euro 25,684 thousand, EBITDA for Euro 7,860 thousand and EBIT for Euro 1,275 thousand and a profit pertaining to the Group for Euro 711 thousand.

Ankateks Turizm İnşaat Tekstil Temizleme Sanayi ve Ticaret Ltd Şirketi, a company in which Servizi Italia S.p.A. holds a 55% stake, with the subsidiary (with a 57.5% stake) Ergülteks Temizlik Tekstil Ltd. Sti. with registered office in Smyrna, is a leading company subject to Turkish law, based in Ankara and active through the brand "Ankara Laundry" in the laundry washing sector for healthcare facilities mainly located in central-western Turkey. The consolidation of the companies of the Turkish perimeter generated sales revenues for Euro 6,995 thousand, EBITDA for Euro 1,534 thousand and EBIT for Euro 951 thousand and a profit pertaining to the Group for Euro -292 thousand.

Wash Service S.r.l., company acquired on 27 February 2019 and 90% owned, operating mainly in Northern Italy in the offer of wash-hire services of flat linen, guest linen and staff clothing of hospital facilities, nursing homes and retirement facilities. The consolidation of Wash Service S.r.l., starting from the acquisition date, generated sales revenues for Euro 8,272 thousand, an EBITDA of Euro 1,002 thousand, a positive EBIT of Euro 66 thousand and a profit pertaining to the Group of Euro 12 thousand.

Ekolav S.r.l., company acquired on 19 July 2019 and 100% owned, operating mainly in the offer of wash-hire services of flat linen, guest linen and staff clothing, particularly for nursing homes, retirement facilities, hospital facilities and industrial clients. The consolidation of Ekolav S.r.l., starting from the acquisition date, generated sales revenues for Euro 4,812 thousand, an EBITDA of Euro 1,111 thousand, an EBIT of Euro 348 thousand and a profit pertaining to the Group of Euro 155 thousand.

1 Statement of reconciliation between separate and consolidated financial statements

The reconciliation between the shareholders' equity and the net income for the year of Servizi Italia S.p.A. and the corresponding consolidated figures of the Servizi Italia Group is as follows:

(thousands of Euros)	2021 Profit (Loss)	2021 Shareholders' Equity	2020 Profit (Loss)	2020 Shareholders' Equity
Profit (loss) and shareholders' equity of the parent company	**4,812**	**121,688**	**2,586**	**121,102**
Profit (loss) and shareholders' equity of the subsidiaries	626	51,546	1,980	50,689
Elimination of equity investments in consolidated subsidiaries	(923)	(66,941)	(1,806)	(68,205)
Consolidation differences due to goodwill	-	17,441	-	20,396
Other surplus value emerging at the time of acquisition	-	134	-	134
Registration of options on non-controlling interests	(21)	(2,230)	465	(2,209)
Valuation of associated companies and joint ventures with the equity method	2,743	(519)	(271)	(3,320)
Consolidated profit (loss) and shareholders' equity	**7,237**	**121,119**	**2,954**	**118,586**
Allocation of non-controlling interests profit (loss) and shareholders' equity	(263)	1,435	193	2,235
Group profit (loss) and shareholders' equity	**7,500**	**119,684**	**2,761**	**116,351**

2 Main consolidated income statement figures

The table below shows a comparison of the main figures of the 2021 consolidated Income Statement with those of the 2020 consolidated Income Statement (in thousands of Euros):

(thousands of Euros)	31 December 2021	31 December 2020	Change	Change % on turnover
Revenues	256,694	240,160	16,534	6.9%
Ebitda[(a)]	64,884	57,938	6,946	
EBITDA %	25.3%	24.1%		1.2%
Operating profit (EBIT)	9,770	3,873	5,897	
Operating profit (EBIT)%	3.8%	1.6%		2.2%
Profit before tax	8,174	1,198	6,976	
Profit before tax %	3.2%	0.5%		2.7%
Net profit	7,237	2,954	4,283	
Net profit %	2.8%	1.2%		1.6%

[(a)] *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.*

3 Main consolidated statement of financial position figures

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

(thousands of Euros)	31 December 2021	31 December 2020	Change	Change %
Net operating working capital[(a)]	(2,138)	(5,964)	3,826	-64.2%
Other current assets/liabilities[(b)]	(12,247)	(11,446)	801	7.0%
Net working capital	**(14,385)**	**(17,410)**	**3,025**	**-17.4%**
Non-current assets - medium/long-term provisions	261,201	265,603	(4,402)	-1.7%
of which Rights of use under IFRS 16	28,759	31,717	(2,958)	-9.3%
Invested capital	**246,816**	**248,193**	**(1,377)**	**-0.6%**
Shareholders' equity (B)	121,119	118,586	2,533	2.1%

Net financial debt[d] (A)	125,697	129,607	(3,910)	-3.0%
of which Financial liabilities under IFRS 16	30,572	32,943	(2,371)	-7.2%
Invested capital[c]	**246,816**	**248,193**	**(1,377)**	**-0.6%**
Gearing [A/(A+B)]	**50.9%**	**52.2%**		
Debt/Equity (A/B)	**103.8%**	**109.3%**		

[a] Net operating working capital is not an accounting measurement under the IFRSs endorsed by the European Union. The Group 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 Group management has defined invested capital as the sum of Shareholders' equity and net financial debt.
[d] The Group 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.

4 Main consolidated cash flow figures

The table below presents a comparison between the main consolidated cash flow figures as at 31 December 2021 and as at 31 December 2020 (in thousands of Euros):

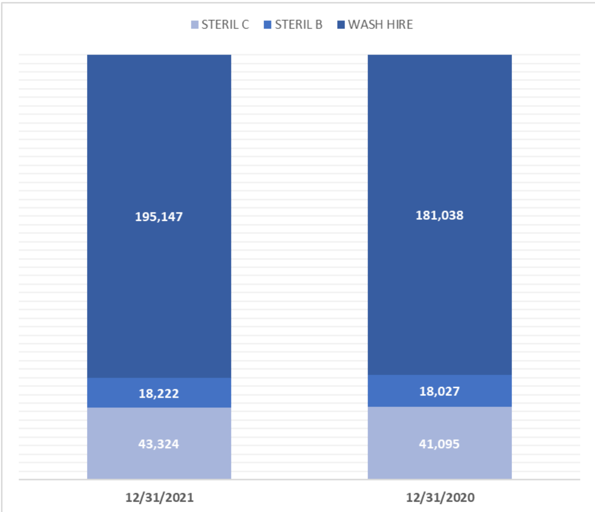
(thousands of Euros)	31 December 2021	31 December 2020	Change
Cash flow generated (absorbed) by operations	47,331	53,686	(6,355)
Net cash flow generated (absorbed) by investment activities	(48,444)	(52,718)	4,274
Net cash flow generated (absorbed) by financing activities	21	(1,881)	1,902
Increase/(decrease) in cash and cash equivalents	(1,092)	(913)	(179)
Opening cash and cash equivalents	4,441	7,141	(2,700)
Effect of exchange rate fluctuations	132	1,787	(1,655)
Closing cash and cash equivalents	3,217	4,441	(1,224)

Performance of the turnover of Servizi Italia S.p.A. and Servizi Italia Group

Servizi Italia S.p.A.'s business performance recorded revenues from sales and services in 2021 of Euro 211,754 thousand in total, an increase of 8.3% compared to 2020.
The consolidated turnover of the Servizi Italia Group was equal to Euro 256,694 thousand, with a 6.9% increase or 9.0% at constant exchange rates with respect to 2020, with the following performance by sector and region:

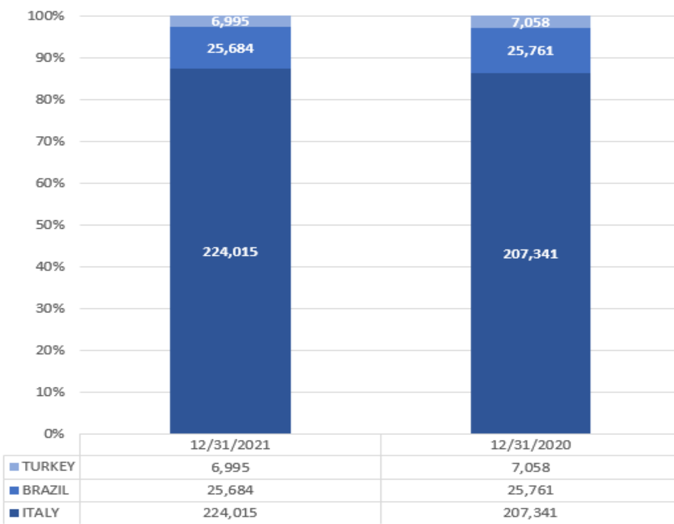
- Revenues from wash-hire services (which in absolute terms represent 76.0% of the Group's revenues) go from Euro 181,038 thousand in 2020 to Euro 195,147 thousand in 2021, recording a growth of 7.8% or 10.6% at constant exchange rates. The growth is supported by the recovery of the Italy area (+9.6% or +10.3% on a like-for-like basis) and by the excellent organic growth of the Brazil and Turkey areas, however offset by a negative exchange rate change (-2.3%). With specific reference to the Italy area, the growth in revenues compared to the previous year is mainly linked to the new tenders in the north-east area, only partially mitigated by the decline in volumes and prices of certain contracts and by the decline in the hotel and restaurant services sector in the first part of the year. For the Italy area, revenues of approximately Euro 842 thousand relating to Covid supports, obtained following ANAC resolution no. 540 of 1 July 2020. Revenues in the Brazil area were characterized by organic growth in local currency of 7.9%, offset by a negative exchange rate effect of 8.2% (depreciation of the Brazilian Real against the Euro) which led to a negative change of 0.3% for the period. There was also a double-digit organic growth in revenues in the Turkish area (+29.3%), offset by a negative exchange rate effect of 30.2% (depreciation of the Turkish Lira against the Euro) which led to a negative change of turnover of 0.9%.

- Revenues from linen sterilization services (steril B) (which in absolute terms represent 7.1% of the Group's revenues) go from Euro 18,027 thousand in 2020 to Euro 18,222 thousand, with an increase of 1.1% due to an increase in the fabric sterilization service in relation to new tenders in the north-east of Italy only partially offset by a lower supply of non-woven fabric (TNT) compared to the previous year.
- Revenues from surgical instrument sterilization services (steril C) (which in absolute terms represent 16.9% of the Group's revenues) go from Euro 41,095 thousand in 2020 to Euro 43,324 thousand in 2021, with an increase of 5.4% mainly due to some new orders in the north-eastern Italy area, as well as the resumption of surgical interventions compared to the previous year.



The table below shows revenues from sales and services of the Servizi Italia Group, broken down by region, for the years ending on 31 December 2021 and 2020:

(thousands of Euros)	31-Dec 2021	%	31-Dec 2020	%	Change %	% Organic change	% Change
Revenues - Italy	224,015	87.3%	207,341	86.3%	8.0%	8.5%	0.0%
Revenues - Turkey	6,995	2.7%	7,058	2.9%	-0.9%	29.3%	-30.2%
Revenues - Brazil	25,684	10.0%	25,761	10.7%	-0.3%	7.9%	-8.2%
Sales revenues	**256,694**	**100.0%**	**240,160**	**100.0%**	**6.9%**	**9.7%**	**-1.8%**



Business performance

Servizi Italia S.p.A.

EBITDA went from Euro 43,198 thousand in 2020 to Euro 51,424 as of 31 December 2021 with a relative incidence increasing from 22.1% to 24.3% of revenues or a growth in absolute value of 19.0%. The index positive trend already recorded in the first nine months of 2021 continues, mainly due to the recovery of hospital activity which drove the turnover leading to a better marginal balance in the production structure compared to 2020 and to premiums on certain strategic supplies, largely underlying the start of new contracts in the north-east area. It should be noted that in the 2021 financial year the capital gain relating to the sale of the *workwear* branch (wash-hire for work clothes) equal to Euro 1.5 million was recognized. During the year, there were also charges of Euro 1,211 thousand relating to the *restructuring* process aimed at the cessation of production at the Ariccia (Rome) plant. The costs of raw materials have a lower incidence on turnover compared to the previous year (-1.0%) mainly due to the lower purchases of TNT made on the Steril B line. There is a higher incidence of costs for services (+0.7%) in particular deriving from a changed logistical and production structure aimed at managing the laundry and cloakroom service connected to the new tenders launched in the north-east area as well as to the increase in costs for utilities recorded in the last quarter. Personnel costs are down in terms of incidence on turnover (-0.5%) compared to the previous year, following a greater absorption of structure personnel while there is an increase in the item in absolute value (+6.7%) compared to an increase in the number of employees in the Company, determined by the launch of new contracts as well as to a lesser use of social safety nets (Wages Guarantee Fund) incurred in 2021. The personnel costs item also includes costs for a total of Euro 632 thousand in relation to bonuses, not present in the 2020 financial year.
The operating result (EBIT) went from Euro -356 thousand in 2020 (EBIT margin -0.2%) to Euro 6,464 thousand in 2021 (EBIT margin 3.1%), mainly due to the dynamics already described above relating to the change in turnover and EBITDA and a greater absorption of fixed costs. In the year 2021, a provision of Euro 350 thousand was recorded relating to the onerous contract that emerged in relation to the signing of a business branch rental contract in central Italy.
Financial management showed a decrease in financial charges compared to the previous year due to a decrease in exchange rate losses relating to the lower depreciation of the Brazilian real and of the Turkish Lira against the Euro and in relation to lower charges under IFRS 16. It should also be noted that the year 2020 benefited from the capital gains realized on the partial sale of the investments in Asolo Hospital Service S.p.A. and the break-even resulting from the partial sale of the investment in Pro.ge.ni. S.p.A.
The separate financial statements of Servizi Italia S.p.A. as at 31 December 2021 therefore closed with a **net profit** of Euro 4,812 thousand compared to a net profit of Euro 2,586 thousand in the previous year.

Servizi Italia Group

Consolidated **EBITDA** went from Euro 57,938 thousand in 2020 to Euro 64,884 thousand at 31 December 2021 with a relative incidence increasing from 24.1% to 25.3% of revenues or an increase in absolute value of 12.0%. The index growth is mainly supported by the business recovery in the Italy area, especially in relation to operational management within the wash-hire line less penalized by the pandemic than in 2020 and the recovery of hospitalizations which, transversally, contributed to the recovery of margins on all operating segments. The Brazil area shows positive performances (EBITDA margin of 30.6%), albeit weighed down in the last part of the year by an increase in costs for raw materials and utilities as well as by the costs incurred for the start-up phase of the sterilization segment, which is expected to start operating in 2022. The Turkey Area, while recording double-digit organic growth in the bottom line, recorded a decline in the EBITDA margin which went from 30.3% in 2020 to 21.9% in 2021. This contraction is due to the increases recorded in the last quarter in Turkey, which primarily impacted the consumption of materials and, even more significantly, energy costs. It should be noted that in the 2021 financial year the capital gain relating to the sale of the workwear branch equal to Euro 1.5 million was recognized. During the year, there were also charges of Euro 1,211 thousand relating to the restructuring process aimed at the cessation of production at the Ariccia (Rome) plant. The costs of raw materials have a lower incidence on turnover compared to the comparative year (-0.8%) mainly due to the lower purchases of TNT made on the Steril B line in the Italy area. There is a higher incidence of costs for services (+1.4%) in particular deriving from a changed logistical and production structure aimed at managing the laundry and cloakroom service connected to the new tenders launched in the north-east Italian area as well as to the increase in utility costs recorded in the last quarter in all geographic areas in which the Group operates. Personnel costs decreased in terms of incidence on turnover (-0.2%) compared to the previous year, while there was an increase in the item in absolute value (+6.2%) against an increase in the number of employees of the Italy area determined by the start of new contracts as well as to a lesser use of social safety nets (Wages Guarantee Fund) in 2021. The personnel costs item also includes costs for a total of Euro 632 thousand in relation to bonuses, not present in the 2020 financial year.

The operating result (EBIT) went from Euro 3,873 thousand in 2020 (EBIT margin 1.6%) to Euro 9,770 thousand in 2021 (EBIT margin 3.8%), mainly due to the dynamics already described above relating to the change in turnover and EBITDA. In 2021, allocations of Euro 350 thousand were recorded in accordance with the provisions of the international accounting standard IAS 37 regarding onerous contracts.

Financial management showed a decrease in financial charges compared to the previous year due to a decrease in exchange rate losses relating to the lower depreciation of the Brazilian real and of the Turkish Lira against the Euro and in relation to lower charges under IFRS 16. It should also be noted that 2020 benefited from the capital gains realized on the partial sale of the investments relating to Asolo Hospital Service S.p.A. and Pro.ge.ni. S.p.A. as well as the remeasurement of the debt relating to the put option right on the minority investment in the company Wash Service S.r.l. It should also be noted that the revaluations of some companies valued according to the equity method for a total of Euro 1,923 thousand had a positive impact on the results for the year.

The consolidated financial statements as at 31 December 2021 therefore closed with a **net profit** of Euro 7,237 thousand compared to a net profit of Euro 2,954 thousand in the previous year.

Servizi Italia Group investments

Group investments in 2021 amounted to around Euro 58 million, down compared to around Euro 55 million in 2020, mainly due to the effect of greater investments in linen in the Italy and Brazil areas. At constant exchange rates, investments in 2021 would have increased by approximately Euro 4.0 million. During 2021, the increase is highlighted in investments in the Italy area of approximately Euro 3.5 million in purchases of linen and technical fabrics, increasing from Euro 33.8 million in 2020 to about Euro 37.3 million in 2021 (64.3% of the total investments made). This increase is attributable to the large volumes requested of both flat and packaged linen during the Covid-19 emergency and to the initial supplies of textiles envisaged for new contracts awarded. On the other hand, investments in property, plant and equipment other than linen were down compared to 2020, from Euro 11.6 million in 2020 to Euro 10.7 million in 2021, recording a decrease of Euro 0.9 million mainly attributable to the investments made last year by the Parent Company. In the Brazilian area, in organic terms, investments in linen increased by Euro 1.2 million, against a negative translation effect of Euro 0.5 million, moving from Euro 4.8 million in 2020 to Euro 5.5 million in 2021. In the Turkish area, on the other hand, there was an increase in investments of Euro 0.6 million, to which a negative translation effect of Euro 0.3 million was added. The increase is attributable to investments in plant and machinery for public private partnerships (PPPs) awarded in the Turkish area.
Please note that a portion of the investments in intangible and tangible assets, on the domestic front, have benefited from deduction of the so-called "super-amortisation and hyper-amortisation", as required by the 2017 Budget Law (Law 232/2016) and of credit investments in instrumental goods pursuant to Law 160/2019 and of Law 178/2020.

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) ceased.

On 26 February 2021, the Parent 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 was made on 28 January 2021. The agreement took effect on 1 March 2021 and provides for:

- the sale by Servizi Italia S.p.A. to Alsco Italia S.r.l. of the Business Unit that includes in particular the workwear sector customer portfolio, the Barbariga (Brescia) 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 and the linen and textiles workwear sectors, and the Business Unit's commercial goodwill;
- a four-year non-compete agreement between the parties;
- the closure of the local unit in Barbariga (Brescia).

The payment of the price, based on the valuation of the components of the Business Unit, was defined as equal to Euro 9.5 million.

In compliance with the actions set out in the sustainability plan contained in the Group's Consolidated Non-financial Disclosure, on 22 March 2021 the Parent Company obtained the ISO 37001 certification, whose management system is aimed at addressing and preventing possible corruption cases and promoting an ethical business culture.

On 20 April 2021, the ordinary session of the Shareholders' Meeting:

- approved the financial statements of the Parent Company closed on 31 December 2020 and the allocation of the result for the year;
- upon revocation of the authorisation to purchase and dispose of treasury shares resolved on 28 April 2020 for the unused portion, renewed the authorisation for the purchase and disposal of treasury shares, in accordance with the proposal by the Board of Directors. The resolution authorised the purchase of a maximum of 6,361,890 ordinary shares with nominal value of Euro 1.00 each, corresponding to one-fifth of the Company's share capital (taking into account the shares already held by the Company) for a period 18 months from that date, while the duration of the authorisation for disposal of the treasury shares has no time limits.
- approved the remuneration policy of Servizi Italia S.p.A.;
- appointed the members of the Board of 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;

On 20 September 2021, pursuant to and by effect of the provisions of Articles 4 and 24 of Law 223/1991, the Parent Company launched a procedure for dismissal of structurally surplus workers solely referable to the production unit located in Ariccia (Rome), Via Quarto Negroni, 4, due to the cessation of the activities of this production unit relating to washing and fabric sterilization.
The reasons are attributable to the loss of volumes processed at the aforementioned production unit as well as to the Coronavirus emergency. In fact, as already communicated in the Financial Statements of 31 December 2019, following the outcome of the regional tender, relating to 8 lots for the management of wash-hire 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), in July 2019 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, already in 2019 the Parent Company had started a collective dismissal procedure pursuant to art. 24 and 4 of Law no. 223/1991 for the employees of this production unit and, in order to mitigate the social effects of the staff reduction program, had signed, at the Regional Labour Directorate of the Lazio Region, an agreement with the trade unions in which it had made itself available to reduce the overall number of redundancies through:

a. the temporary displacement of a part of volumes normally processed at another plant - with consequent additional costs for the Company;

b. the transfer of employees to other company offices with maintenance of working hours or preservation of the working position of the same employees at the Ariccia plant through reduction of working hours.

In the meantime, the structural decline of the Italian industrial laundry facilities market continued, linked to a number of specific critical factors in the health services sector, such as the awarding of contracts with increasingly low bids and with increasingly reduced economic margins, had determined, among other things, the non-renewal of contracts already in the portfolio at lower prices.

In the above context, the Coronavirus emergency intervened which, as early as March 2020, had effects on the trend in demand for services, as Hospitals have generally adopted a strategy of reducing surgical interventions scheduled in operating theatres, confirming only urgent services, with a consequent impact also on the laundry and instrument sterilization activities of the Ariccia plant.

Lastly, in May 2021, following participation in the tender, the Parent Company was excluded from the award of a contract for the rental of linen, mattresses, clothing, drapes, wash-hire, maintenance, logistics, rental and sterilization of surgical instruments and integrated sterilization services. Moreover, the aforementioned contract was already in the portfolio in relation to the sterilization service of surgical instruments alone, which constituted approximately 95% of the volumes processed in the sterilization centre located in the Ariccia plant. The foregoing, together with the drastic structural reduction of volumes on all departments of the production site, accompanied by 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, has radically changed the economic and production situation of the Ariccia production site, causing an imbalance in fixed costs, making it uneconomical and therefore no longer sustainable.

With the aim of trying to reduce the occupational and social repercussions and allow for even a limited and partial safeguarding of employment levels, the Parent Company activated, with a letter dated 6 September 2021, the procedure pursuant to art. 47 of Law no. 428/1990 for the lease to Steris S.p.A. of the company's business unit known as “Ariccia instrument sterilization centre” consisting of 12 employees. On 1 October 2021, the rental contract for the aforementioned business unit was signed.

On 29 November 2021, at the Regional Labour Directorate of the Lazio Region, the Company signed an agreement with the trade unions, at the end of the aforementioned collective dismissal procedure, in which it made itself available, in order to safeguard employment, to request the competent offices of the Ministry of Labour the admission to the Wages Guarantee Fund treatment for cessation of activity for a period of 12 months.

Moreover, with the aforementioned agreement, a management plan for redundancies was agreed for the period covered by the wages guarantee fund through the relocation to the Company's other production sites or the termination of the employment relationships based on the sole criterion of non-opposition to dismissal, substituting those provided for by art. 5, paragraph 1 of Law 223/1991.

Following the testing of the procedure provided for by current legislation and the Agreement signed with the Lazio Region, the employees were notified of the cessation of all activities carried out at the Ariccia Laundry as of 12 December 2021. Finally, on 14 December 2021, an agreement with the trade unions was signed at the Ministry of Labour and Social Policies for the joint examination experiment

aimed at the request for the Wages Guarantee Fund pursuant to art. 44 of Decree Law no. 109/2018, converted with amendments by Law 130/2018.
On 12 November 2021, the Parent Company agreed with the related party Focus S.p.A. to modify the lease agreement, stipulated on 31 August 2016, relating to the production plant in Ariccia, reducing the relative rent to Euro 90 thousand per year from 1 January 2022 and up to the expiry of the contract, set for 30 August 2028, in consideration of the cessation of the activities relating to washing and sterilization of fabrics at this production unit.
The aforementioned minor transaction with related parties received the prior favourable opinion of the Governance and Related Parties Committee has been formalized with a specific addendum to the aforementioned lease contract. Please note that the Parent Company had given information to the market on this lease by publishing, on 5 August 2016, an information document, drawn up pursuant to art. 15 of the "*Regulation for transactions with related parties*" adopted by the Company, as well as in compliance with annex 4 of the "*Regulation containing provisions on transactions with related parties*" adopted with 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.
On 12 November 2021, Servizi Italia S.p.A. obtained the basic Family Audit certification as required by the Family Audit Guidelines approved by the Autonomous Province of Trento. (https://www.trentinofamiglia.it/Certificazioni-e-reti/Family-Audit). As part of the initiatives envisaged by the sustainability plan contained in the Consolidated Non-Financial Disclosure, Servizi Italia S.p.A. has decided to adhere to this management tool on a voluntary basis, as it believes that the well-being of its employees is the starting point for an improvement process from the point of view of corporate social responsibility.
The Family Audit certification provides for the preparation of a three-year activity plan for the introduction and implementation of improvement actions for the work-life balance of personnel, which will be verified annually by an external assessor in order to obtain the executive version of the certification itself at the end of the year. The actions identified in the plan mainly concern:

- experimentation with flexible hours for clerical workers, the transfer of solidarity holidays and smart working;
- the dematerialisation of HR and Administrative processes;
- welfare and well-being;
- prevention and health;
- the strengthening of managerial skills in terms of conciliation;
- the creation of an organizational culture strongly oriented towards the "intelligent" exploitation of IT tools and the issues of reconciliation;
- the establishment of scholarships for employees and employees' children;
- support for local communities and people development.

With these initiatives, Servizi Italia S.p.A. intends to promote the reconciliation between personal and work life, believing that it is an advantage not only for the collaborators but also for the company since it is now recognized that the greater individual well-being of employees leads to an improvement in company dynamics.
As at 31 December 2021, the Company acquired a total of 2,000,408 treasury shares on the market regulated and managed by Borsa Italiana, equal to 6.29% of the share capital.

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

Customer	Service provided	Duration years	Contract value per year (thousands of Euros)
Ospedale di Sassuolo S.p.A.*	Integrated linen wash-hire service	4	652
IRCSS Burlo Garofalo of Trieste**	Surgical instruments sterilisation service	1	210
Careggi University Hospital of Florence*	Procurement service for procedural sets and non-woven materials	33 months	331
Meyer University Hospital of Florence*	Procurement service for procedural sets and non-woven materials	6	69
IRCSS Burlo Garofalo of Trieste**	Integrated linen wash-hire service	5	169
A.LI.SA Ligurian Health Authority Liguria Region *	Management and maintenance of electro-medical equipment and technical-scientific equipment	4	487
ASL Rome 6***	Surgical instruments sterilisation service	4	343
Personal Services Public Company "Clementino Vannetti" - Rovereto (TN) **	Integrated linen wash-hire service	1	57
Institutes Martinitt and Stelline and Pio Albergo Trivulzio in Milan *	Integrated linen wash-hire service	5	1,124
I.P.A.V. Venetian Public Assistance Institutions*	Integrated linen wash-hire service	5	404
San Camillo Forlanini Hospital of Rome *	Supply and rental of textile devices for the operating room and for the supply of non-sterile TNT products and other sanitary materials	1	1,860
Azienda Ulss 7 Pedemontana - Bassano del Grappa*	Linen wash-hire, mattresses and garment service	5	1,063
APSP Levico Curae*	Flat linen wash-hire service	1	79
National Hospital "SS. Antonio e Biagio e C. Arrigo"*	Wash-hire service for PPE and uniforms for healthcare personnel	15 months	64
AD Personam*	Linen wash-hire and mattresses service	3	254
ASST Bergamo Ovest*	Wash-hire service	5	704
ASST Lodi*	Wash-hire service	4	233
ASST Bergamo Ovest*	Supply of integrated sterilization services	4.5	1,470
ATS Sardinia **	Surgical instruments hire and sterilisation service	8	1,397

* renewed
** new customer
***re-awarded and leased through a business unit lease agreement

The contracts that ended during the reference year are outlined below:

Customer	Service provided	Contract value per year (thousands of Euros)
ASP Golgi Redaelli di Milano	Integrated linen wash-hire service	1,321
Ospedale Bambino Gesù di Roma	Surgical instruments sterilisation service	955
Consorzio Zenit - Ad Personam di Parma	Integrated linen wash-hire service	127
ASL Matera	Surgical instruments sterilisation service	230

Covid-19 disclosure

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 guarantees for medical and nursing staff, for wards and in-patients designated for the treatment of infections caused by the Coronavirus. All the activities of the Group, which operates in strict compliance with the relevant regulations, were impacted by the evolution of the contingent epidemiological situation. It is important to underline that, albeit in a context of recovery from an operational and economic point of view, certain uncertainties still remain 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 with whom the Group operates.

Treasury shares

The information on treasury shares provided in Article 2428, paragraph 3 of the Italian Civil Code is included in the explanatory notes to the separate financial statements, sections 6.15 and 10.

Research & Development activities

During the year under review, as in previous years, the Company did not incur any charges that could be linked in any way to said activities.

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 Financial Statements, in section 8.
It should also be noted that, in addition to the Regulations adopted by Consob by means of resolution no. 17221 dated 12 March 2010, as amended, on 24 November 2010, the Board of Directors approved the Regulations for related party transactions, subsequently updated on 13 November 2015, 12 May 2017 and 14 November 2018, which are both posted on Company's website.

Significant events after the end of the year

As is known, the deepening of tensions between Russia and Ukraine that resulted in the invasion of the Ukrainian territory by the Russian army on 24 February 2022 are creating repercussions on international markets, both in terms of financial market trends and on commodity prices. The Servizi Italia Group could be affected in the event of further volatility in energy prices, while no market and/or exchange risks are identified, since the Group has no commercial transactions with the countries involved. Also in relation to the cost of energy, the risk could be reduced by the possibility of re-evaluating this cost on the final price in relation to the introduction, in the procurement contracts, of price revision clauses. The evolution of the situation is continuously monitored by the company management.

As at 4 March 2022, the Company had acquired a total of 2,092,658 treasury shares on the market regulated and managed by Borsa Italiana S.p.A., equal to 6.58% of the share capital.

Business outlook

The results obtained in the 2021 financial year were higher than expected. The good performance for the year is due to the lower impacts associated with the COVID-19 crisis, the strong recovery recorded

in the Italy area, the consolidation of the positive operating results of the foreign companies and the organizational and production efficiency actions undertaken to mitigate the effects of the Italian market crisis of industrial laundries.
For the year 2022, the Group expects positive results, albeit paying particular attention to the volatility of energy costs, which will be affected by the current destabilizing macroeconomic and geopolitical context. At the basis of the sound elements to counter this moment of uncertainty is the Group's customer portfolio, which is presumed not to be affected directly by the "Donbass crisis". Moreover, the Group does not operate directly with *stakeholders* involved in economic restrictions approved by the European Council through Decision (EU) 2022/266 and Regulation (EU) 2022/263. In the medium-term, the Group strategy envisages an organic consolidation of its *leadership* position in the Italian and foreign market and a continuous search for optimization and efficiencies to contain, among others, the expected impacts following the increase in energy prices and inflation growth, in particular in the areas of Brazil and Turkey. As far as liquidity is concerned, after reaching its peak for the year in June, net financial debt has shown a positive trend in recent months, promoted by the progressive reopening of healthcare and hotel facilities. The Group aims to maintain a solid capital situation through an adequate financial balance and good creditworthiness with banking institutions.

Derivatives

As at 31 December 2021 and 31 December 2020, the Group held no derivatives. Some companies not wholly-owned and therefore not consolidated on a line-by-line basis have taken out derivative financial instruments to hedge the risk of fluctuations in interest rates on loans taken out as part of project financing, given the significant amount of financial commitments undertaken and the over ten-year duration of the same. The economic and financial effects of such derivatives are incorporated into the valuations of equity investments in the companies that hold them.

Company Headquarters

The operational headquarters of the Company where its activities are carried out are as follows:

City	Address	City	Address
Arco (Trento)	Via Linfano, 6	Palermo (Palermo)	Piazza Nicola Leotta, 4
Ariccia (Roma)	Via Nettunense Km 8, 100	Pavia di Udine (Udine)	Viale Grado, 51
Ariccia (Roma)	Via Quarto Negroni, 58	Piacenza (Piacenza)	Via Machiavelli, 29
Bergamo (Bergamo)	Piazza Org. Mond. Sanità, 1	Prato (Prato)	Via Ugo Foscolo, 7
Brescia (Brescia)	Piazzale Spedali Civili, 1	San Daniele del Friuli (Udine)	Viale Trento Trieste, 2
Busto Arsizio (Varese)	Via Arnaldo da Brescia, 1		
Cividale del Friuli (Udine)	Piazzale dell'Ospedale, 2	San Dorligo della Valle (Trieste)	Via Travnik, 20
Crema (Cremona)	Via Largo Ugo Dossena, 2	Sarzana (La Spezia)	Via Cisa SN
Ferrara (Ferrara)	Via Aldo Moro, 8	Travagliato (Brescia)	Via Sambrioli, 1
Florence (Firenze)	Lungo Rio Freddo, 15	Treviso (Treviso)	Via Concordia, snc
Fiume Veneto (Pordenone)	Via Pontebbana, 15	Treviso (Treviso)	Piazza Ospedale, 1
Genoa (Genova)	Largo Rosanna Benzi, 10	Udine (Udine)	Piazzale Maria della Misericordia, 15
Genova Bolzaneto (Genova)	Via Albisola, snc	Varese (Varese)	Via Luigi Borri, 57
Lastra a Signa (Florence)	Via Livornese, 68	Varna (Bolzano)	Via Forch, 11
Messina (Messina)	Via Consolare Valeria, 1	Vimercate (Monza-Brianza)	Via SS Cosma e Damiano, 10
Milan (Milano)	Via Michelangelo Buonarroti, 48	Zibido San Giacomo (Milano)	Via Castoldi, 5

Modena (Modena)	Via Giardini, 1355	Zibido San Giacomo (Milano)	Via Castoldi, 11
Montecchio Precalcino (Vicenza)	Via Palugara, 22		

Please note that:

- with reference to what was previously reported regarding the sale of the Workwear business unit, as from 1 March 2021 the Barbariga (Brescia) office is no longer included within the Company's operating offices;
- with regard to the closure of the production plant located in Podenzano, as from 3 February 2021, the operating headquarters located there will no longer be included within the scope of the Company's operating offices.

Servizi Italia and the financial markets

From 22 June 2009, the Company's stock has been traded on the Euronext STAR Milan segment. The main share and stock exchange data as at 31 December 2021 is disclosed below along with share volume and price trends:

Share and stock exchange data	31 December 2021
No. of shares making up the share capital	31,809,451
Price at IPO: 4 April 2007	€ 8.50
Price as at 30 December 2021	€ 2.08
Maximum price during the period	€ 2.40
Minimum price during the period	€ 2.06
Average price during the period	€ 2.21
Volumes traded during the period	6,886,521
Average volumes during the period	26,900

Share volumes and prices as at 31 December 2021

During 2021, the investor relations team participated in 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 carried out several individual and group calls with analysts and investors.
In addition to the research study by Specialist Intermonte SIM, the Group also appointed Midcap Partners (Appointed rep by Louis Capital Markets UK, LLP).

Report on corporate governance and ownership structure

Information on ownership set-ups and corporate governance is contained in the specific report drawn up in accordance with Article 123 bis of the Consolidated Law on Finance, which forms an integral part of the financial statement documentation and which will be published in accordance with the matters envisaged by current legislation.
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. Coop. p. A., since the following indices of probable subjection to third party management and co-ordination activities do not exist, such as the issue of directives pertaining to the financial and lending policy, the establishment of group operating strategies, and the concentration of cash management relationships with the same. In fact, the Company operates under conditions of corporate and entrepreneurial autonomy and operates autonomously in commercial dealings with its customers and suppliers. Furthermore, Servizi Italia - in compliance with the matters envisaged by Italian Law no. 262 dated 28 December 2005 - has adopted all the necessary measures (such as, for example, the appointment of the Control and Risks Committee, the Lead Independent Director and the adoption of internal regulations regarding transactions with related parties) which permit it not to be subject to management and co-ordination activities.

Report on the remuneration of the directors and the executives with strategic responsibilities

The information on the remuneration of the directors and the executives with strategic responsibilities is contained in a specific report drawn up in accordance with the format no. 7-bis, of Article 123-ter of the Consolidated Law on Finance and article 9-bis of directive 2007/36/EC, which forms an integral part of the financial statement documentation and which will be published in accordance with the matters envisaged by current legislation.

Consolidated non-financial disclosure: Sustainability Report 2021

The consolidated non-financial disclosure of Servizi Italia S.p.A., drafted pursuant to Italian Legislative Decree 254/16, constitutes an independent report (Sustainability Report) as required by Art. 5 paragraph 3(b), Italian Legislative Decree 254/16, and is available at the website www.servizitaliagroup.com, under the section “Sustainability”.

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, so as 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. In particular, this control system is reflected in the internal regulations of the Group and of the various companies subject to coordination and control through the documentation of the Servizi Italia compliance program (such as, for example, Model 231/01, Code of Ethics, Integrated Corporate Policy for Quality, Health and Safety, Social Responsibility, Environment and Energy, Prevention of Corruption, Antitrust Conduct and Tax Strategy, Anti-Corruption Guidelines, Antitrust Code of Conduct, Code of Conduct for relations with the public administration, whistleblowing procedure, etc.).

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 company functions involved in the controls (such as the risk management, legal and compliance functions), articulated in relation to size, sector, complexity and risk profile of the company, which are entrusted with the so-called second level controls aimed at monitoring and managing typical business risks (strategic, operational, financial, market, liquidity, credit, non-compliance, employee fraud and disloyalty, legal, reputation, etc.); these functions are subject to review by the Head of Internal Audit;

3. third level: the Head of Internal Audit, who reports directly to the Board of Directors, assesses the suitability of the internal control and risk management system as a whole to ensure the effectiveness and efficiency of the processes, safeguarding of the assets of the company and investors, the reliability and the integrity of the accounting and management data, and compliance with internal and external provisions and the management guidelines.

For the performance of its activities, the Internal Auditor 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 at achievement of the business objectives.

Every six months, the results of the activities carried out are brought to the attention of the Director in charge of the Internal Control and Risk Management System, the Control and Risks Committee, the Board of Directors (also through the Control and Risks Committee) and the Board of Statutory Auditors; the areas of concern recognised 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 promptly monitoring the risks identified in all activities, which is an essential condition to preserve the trust of stakeholders and to ensure the sustainability of the business over time, so contributing to the sustainable success of the Servizi Italia Company and Group.

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 propensity to risk, the tolerance thresholds, the sustainable risk limits, the risk management policies and the framework of the corresponding organisational processes. The RAF, the Risk Policy and, therefore, the internal regulations on risk management also consider the legal aspects related to the management of social, environmental and governance risks (ESG), also updated by the typologies arising in the context of post-Covid-19 for which specific mitigation actions have been developed.

1 Risk Factors

In order to minimise different types of risks to which it is exposed, the Group has adopted time scales and control methods that allow Company 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 organisational and operating measures and implementing and documenting control points within company processes.

The Servizi Italia Group's activities are exposed to various risk types, including interest rate fluctuations and credit, liquidity and cash flow risks. To minimise such risks, the Group has adopted timescales and control methods which allow the company Management to monitor risks and inform the Board of

Directors so that it may approve all transactions involving a commitment by the Group with respect to third-party lenders.

1.1 Strategic and policy risks

Market risk and sector competition

The activities of the Group are affected by the general conditions of the Italian economy. Continuation of the economic crisis could expose the Group to several types of risks of a macroeconomic nature, deriving for example from changes in the political, social economic and regulatory systems of the country in which it operates. In particular, in Italy, for the sector in which the Group operates, there could be restrictions on the services provided, due to spending reviews by the Ministry of Health and reorganisation of the health care facilities in the different Regions that requires changes to the type of public health procurement (demand organised by aggregating entities: regional commissioning centres, CONSIP, etc.) and/or contractual conditions (Quality/Price), specifically the critical nature of the healthcare services sector. However, it is the phenomenon of awarding contracts at increasingly lower prices that could lead the Group to consider not submitting bids at economically unsustainable sales prices. A slowdown in consumption and/or the non-submission of bids at economically unsustainable prices could have a negative impact on the Group's sales performance, leading to a decline in production volumes and causing significant uncertainty with regard to the future outlook, with the consequent risk that more modest performance may impact margins over the short term. To mitigate the possible negative impact that a lower demand may have on its profitability, the Group plans to pursue a strategy of diversification of its services, thereby increasing the offer; moreover, it has set up a managing structure that, through project management and project control activities, pursues objectives of organisational and operational efficiency in order to maintain the levels of margins and profitability of the business in general.

Country risk

The Group provides its services in several countries through subsidiaries and affiliates. While pursuing an expansion strategy, the Servizi Italia Group has invested and could invest even more in the future also in countries characterised by the poor stability of their political institutions and/or in the midst of international tensions. The above strategy could expose the Servizi Italia Group to several types of risks of a macroeconomic nature, deriving, for example, from changes in the political, social economic and regulatory systems adopted by these countries or from extraordinary events such as pandemics, acts of terrorism, civil disturbances, restrictions on services provided by the Group, as well as policies aimed at the control of foreign exchange rates, inflation phenomena, sanctions and nationalisations. The probability that the events described above may occur varies from country to country and it is difficult to predict; however, top management constantly and closely monitors these situations in order to implement in a timely manner any possible change that can minimise the economic or financial impact resulting therefrom.

Risks associated with growth

The Group aims at continuing to grow through a strategy based on strengthening its presence in the markets in which it operates. Within this strategy, the Group may have to face some challenges in managing possible adjustments to the structure or business model. Finally, if the growth of the Group is pursued through external actions such as acquisition operations, it is possible that it may have to face, inter alia, difficulties connected to the correct measurements and integration of the acquired assets, as well as not achieving the expected synergies which may negatively reflect on the asset and on the future economic-financial results of the Group. For the purpose of mitigating these risks, the Group has set up a number of internal processes for safeguarding the approval and valuation phases of the investment initiatives. The processes, in addition to the appropriate formal procedures, provide for due diligence operations, aimed, among other things, at verifying compliance of business partners with the ethics standards of the Group, binding contracts, multi-level internal authorisation processes, more effective project management and project control activities which are carried out by management to promptly implement any possible changes and therefore minimise the economic or financial impact that may derive from the events described above.

1.2 Risks associated with the outside environment

Risks associated with customers' orders

The Group aims at achieving its internal growth in the markets where it operates, through a strategy that includes the awarding of service contracts through public calls for tender or private negotiations, which are regulated by laws that differ from country to country. More specifically, the contracts executed with customers generally have a multi-annual duration, with the possibility, at the end of the first natural expiry date, of an extension for an additional period, normally of the same duration as the initial one; this allows the Group to plan its future activities. However, there are no certainties about the Group being able to maintain the same relationship as a contractual vendor and no certainties about the fact that the new public calls for tender or other private negotiations will offer technical-economic conditions of interest to the Group; this may cause negative and significant effects on the business and on the economic, equity and financial position of the Group. In relation to the contracts in the portfolio, there is no temporal concentration in the expiry of the same, also taking into account the fact that the Group is recognised as a privileged partner of public and private health service companies in the countries in which it operates, through: (i) an offer portfolio that meets requirements, explicit and implicit, of the customers; (ii) the provisions of high-quality services and their monitoring through the RFID technology applied to distribution and traceability issues; (iii) the constant dialogue with the customer focused on the improvement of the services; (iv) the research and development activities. On an ongoing basis, the Group adopts mitigation strategies for the risks connected to customer orders, in order to reduce the possibility of negative impacts on its consolidated results over time (in terms of lower revenues as well as lower margins). To mitigate “operating/process” risks, management plans and implements organisational and industrial restructuring and efficiency measures for operations, in order to improve margins and profitability. Furthermore:
Mitigation of the risk of non-awarding of contracts:

- formulation of a technical-economic and administrative offer to clients that satisfies the requirements expressed and implicit in the specifications/requests for offer;
- ongoing search for the best communication strategy towards the commissioning body within the technical report describing the organisation and the disbursement of services;

- high-quality proposals for the sampling of the subject goods of the service (e.g. textile goods, also traceable) and a supply chain that adopts responsible and sustainable purchasing criteria;
- demonstrations, upon request by the commissioning body, of the technical proposal and its simulations;
- research and development of technology, in order to provide sustainable services throughout the chain of services. Ongoing research is viewed as a premium service for commissioning bodies that have implemented programmes for the purchase of sustainable services with low environmental and energy impact;
- planning, in the offer drafting phase, of internal organisational restructuring and efficiency measures for operations throughout the services chain, in order to define economically sustainable prices for the service requested, safeguarding respect of the regulations and of responsible and sustainable purchasing criteria;
- accuracy of information/documentation provided to the commissioning body.

Mitigation of the risk of contractual withdrawal and/or application of penalties:

- provision of high-quality services and their monitoring through RFID technology applied to distribution and traceability issues. This technology, deemed rewarding, provides the Company and the commissioning body with a quantitative assessment and optimal management of stock levels, in order to guarantee just-in-time provisioning, proper use of the subject assets of the service and respect of the agreements on provision of the service (quantities and delivery times);
- ongoing relationship with the client aimed at improving services and customer satisfaction, respecting the role of the parties in accordance with ethical and responsible conduct.

Risks associated with the competition

The competitive map of the markets where the Group operates differs from country to country. In particular: (i) the Italian market is highly competitive due to the presence of different operators in the sector of the services offered; (ii) the Brazilian market, due to the growing penetration rate of the demand for services, has witnessed the development of the competition map represented by operators, who through external growth operations, have strengthened their positions in some areas of the country, and by other family-based and small-sized operators, with a limited capacity of self-financing and relatively ineffective management models; (iii) the market of the other countries where the Group operates at this time is not characterised by a significant competitive map. It is not possible to exclude that the intensification of the level of competition in the sector of the services in which the Group operates may condition activities in the future and have significantly negative impacts on operations and on income, the financial position and cash flows. The Group deals with this risk by offering innovative services of proven quality in rigorous compliance with regulations. In 2020, the Company adopted an Antitrust Code of Conduct in accordance with current legislation and appointed the Head of the Antitrust function. On 20 April 2021 the Head of the Antitrust function was reconfirmed for a duration equal to the mandate of the current Board of Directors of the Parent Company.

Risks associated with changes in sector legislation

The Servizi Italia Group operates in a sector characterised by very specific regulations, detailed and constantly evolving. Therefore, it cannot be excluded that future changes in the existing legislation, or the issuance of new laws for the regulation of particular aspects of the sector in which it operates, may influence its production activities (by means of restrictions and/or limitations on the services which are provided as well as the related disbursement processes). In this regard, the availability of internal professionals with high technical skills in their respective spheres of responsibility and constantly up-to-date in their fields permits constant monitoring of the legislative changes. The updating system with regard to sector standardisation is activated by means of the main on-line channels and sector subscriptions.

1.3 Financial risks

Interest rate risk

The Servizi Italia Group is exposed to interest rate fluctuations especially with regard to the extent of the financial expense relating to the net borrowing, which is mainly characterised by short-term debt. The interest rate to which the Group is mainly exposed is the Euribor. The Group periodically assesses the opportunity to carry out interest rate hedging transactions, even if the current financial management pursues optimisation of financial charges solely through an appropriate mix of debt instruments with short, medium and long-term maturities, without using derivatives.

Credit risk

Receivables due from public institutions are certain in terms of collectability and, by nature, have a very low risk of loss, while those from private customers are exposed to greater uncertainties. The Group has adopted procedures for the ongoing monitoring of its exposure to different counterparties and has implemented adequate measures for risk mitigation through procedures for the recovery of doubtful receivables using legal assistance if the filing of legal actions is required.
Having taken into account the characteristics of the credit, the risk could become more significant in the event of an increase in the private customer component; however, this aspect is mitigated by careful selection and financing of customers.

Price risk

This is the risk associated with the volatility of the prices of the raw materials and the energy commodity, with particular reference to electricity and gas used in the primary production processes and cotton to which the purchase cost of the linen is partly linked. This risk is also connected to the impossibility of interrupting or suspending the execution of the services, as they are of an essential and non-postponable nature. Therefore, in the context of the main public procurement contracts, the Group makes use of clauses that allow it to adjust the price of the services provided in the event of significant changes in costs; the price risk is also controlled through the stipulation of purchase contracts with frozen prices with average annual time horizons to which is added constant monitoring of the price trend in order to identify saving opportunities, hypotheses reflected in the Servizi Italia Group's long-term plan. The risk arising from inflation phenomena in the countries where the Group operates may have an impact on the trade margins; this phenomenon is controlled, when the laws of the countries allow for it, through contractual clauses adjusting the price of the rendered services to inflation; or by maintaining on-going trade relationships with the customers in order to identify activities aimed at not negatively impacting the interests of the parties.

Exchange rate risk

The exchange rate risk derives from the activities of the Servizi Italia Group, which are partly carried out in currency other than the Euro or linked to exchange rate changes via contractual components index-linked to a foreign currency. Revenues and costs denominated in foreign currency may be influenced by exchange rate fluctuations with an impact on commercial margins (economic risk), just as trade and financial receivables and payables in foreign currency can be affected by the conversion rates used, with effects on the economic result (transactional risk). In conclusion, exchange rate fluctuations also have repercussions on net income and shareholders' equity, since the financial statements of certain investee companies are drawn up in a currency other than the Euro and subsequently converted into Euro (translation risk). With reference to transactional risk, under the co-ordination of the Administration, Finance and Audit divisions, the Group handles the exposure to foreign exchange rate risk on certain currency flows (Brazilian Real, Turkish Lira, Indian Rupee and Albanian Lek) as regards development investments in Brazil, Turkey, India and Albania in order to minimise any possible negative effect. With regard to settlement risk, the Group policy provides for exchange rate risk to be hedged only if it has a significant impact on the cash flows with respect to the reference currency. The costs and risks associated with a hedging policy must be acceptable both from a financial and commercial standpoint and accordingly the Group has decided not to enter into hedging transactions on exchange rates since no inflows of foreign capital are envisaged over the short term. Therefore, even if the Group operates in some countries characterized by high volatility in exchange rates, the effect on the same essentially translates into the effects deriving from the conversion of the balance sheet balances as part of the consolidation process, as the companies located in the areas affected by this phenomenon (Turkey and Brazil) operate on the national market and therefore have both active and passive transactions in local currency, without therefore being influenced by changes in exchange rates.

Liquidity risk

Risk linked to two main factors: (i) delay in payments of public customers; and (ii) expiration of short-term loans. Concentrating its business on orders contracted with the Public Administration Authorities, the Group is exposed to risks associated with delays in the payments for the receivables. In order to balance this risk, factoring agreements have been entered into with the without-recourse formula.

To correctly manage the liquidity risk, an adequate level of cash and cash equivalents must be maintained. In light of the predominantly public nature of the group's customers and the average collection times, cash and cash equivalents are mainly obtained from accounts receivable financing and medium-term loans.

1.4 Process risks

Risks associated with related party transactions

Transactions with related parties are regulated in compliance with the provisions of the Regulations approved by CONSOB with resolution no. 17221 of 12 March 2010, as subsequently amended, and the Regulations for Transactions with Related Parties approved by the Board of Directors of Servizi Italia S.p.A. on 24 November 2010, subsequently amended on 13 November 2015, 12 May 2017, 14 November 2018 and 25 June 2021. The Servizi Italia Group has transactions outstanding with related parties (as defined by international accounting standard IAS 24); these transactions have been analysed in the specific supplementary annual and consolidated income statement and statement of financial position schedules as at 31 December 2021 and stated in detail in the related notes. The "Regulations for related party transactions" contain the rules that govern the identification, approval and execution of related party transactions implemented by Servizi Italia S.p.A., directly or via subsidiaries, for the purpose of ensuring the transparency and accuracy, both essential and procedural, of said transactions.

Risks associated with the treatment of linen and sterilisation of surgical instruments and the adequacy of insurance coverage

The Group is exposed to risks related to the type of activities implemented as well as the methods of providing services. In particular, the linen and surgical instrument sterilisation activity consists of the careful execution of all activities necessary to ensure that the service/product is effective and safe for the final user. Any defects in the business process could generate liability vis-à-vis the customers or third parties and give rise to subsequent requests for damage compensation. Accordingly, the Company has taken out insurance policies to cover these risks, in line with sector practice, to cover the liability: (i) in relation to the product, and (ii) civil vis-à-vis third parties and workers in the sterilisation centres.
However, there can be no certainty with regard to the adequacy of the insurance coverage in relation to any damages caused by the aforementioned events. Therefore, the risk that Servizi Italia will have to undertake possible additional charges and costs, with a consequently negative impact on the Group economic and financial results, cannot be excluded. Over the last three years, no events took place which required the compensation of damages not covered by insurance policies. Furthermore, as of the date of approval of this report, there are no pending matters relating to requests for damage compensation linked to the linen and surgical instrument sterilisation activities.

Risks associated with the management and organisation model pursuant to Italian Legislative Decree No. 231/2001

The Group has adopted the management and organisation model envisaged by Italian Legislative Decree No. 231/2001 for the purpose of creating a system of rules aimed at preventing the adoption of unlawful conduct by senior management, executives or in any event those with decision-making powers deemed significant for the purpose of application of this legislation. Servizi Italia believes that it has applied the utmost diligence in the implementation of the provisions pursuant to Italian Legislative Decree No. 231/2001; however, no certainty exists with regard to the fact that the model adopted by the Company may be considered suitable by the legal authority possibly called to check the cases contemplated by said legislation. If such cases should occur, and in the event of an unlawful event, the Company's exemption from liability is not recognised on the basis of the provisions contained in said decree, it is envisaged that the Company, in any event and for all the unlawful acts committed, will be fined, as well as, for more serious cases, be subject to disqualification measures, such as disqualification from carrying out activities, suspension or revocation of authorisations, licences or concessions, prohibition from contracting with public administration authorities, exclusion from loans, grants and subsidies and possible revocation of those already granted and, in conclusion, prohibition from publicising goods and services, with consequent significant negative impacts on the Group's economic and financial results. The Group managing risk: (i) since 2006, it has adopted the tools of the Code of Ethics and the Organisation, Management and Control Model pursuant to Legislative Decree 231/2001 and a whistleblowing procedure; (ii) at the foreign subsidiaries, with the promotion of the adoption of a Code of Ethics and documentation part of the Servizi Italia compliance program, which is based on an analysis of the risks of the processes of the company, has prepared of a set of procedures, regulations and formats to ensure preventive monitoring of processes at risk of unlawful acts and corruption, checks by the Parent Company, auditing activities by third parties and training programmes for the employees, aimed to the knowledge and application of the prevention system.

Climate change

The Group has embarked on an evolutionary path aimed at strengthening its approach to sustainability and at fulfilling the regulatory requirements of non-financial disclosure, introduced with Legislative Decree no. 254/2016.

The Group has integrated aspects related to the management of environmental, social and governance (ESG) risks into its *Risk Policy*, with a particular *focus* on risks related to climate change:

- Physical risks deriving from climate change that can be linked to single events (extreme weather events and natural disasters) or to long-term variations in climate models that can cause impacts on the functioning of production facilities related to gradual climate changes (e.g. rainfall, wind);
- Risks of transition to a *low carbon* energy model that may have implications related to legislative/regulatory, political, legal, technological and market changes associated with the fight against climate change, with an effect in the short, medium and long term.

Attention to the issue of the risk inherent in climate change has grown and an in-depth study of the methodologies for assessing the risks connected to it is underway. At present, the Group does not see a high risk profile in relation to climate change. The progressive approach to a low-carbon economy will not determine, in the expectations of the Directors, significant impacts on the business and the technological change that could ensue to date is not expected to have significant effects on the reference market. The consolidated non-financial disclosure and 2021 sustainability report, to which reference is made, also indicate the management methods and mitigation measures for ESG risks (environmental compliance risks, physical risks linked to climate change, risks linked to the external environment linked to the continuation of the Covid-19 pandemic, risks linked to health and safety in the workplace, risks related to corruption).

Risks relating to information systems, cybercrime and personal data

For several years the Servizi Italia Group has implemented most of the applications necessary to carry out its business on its IT systems, continuing a progressive and continuous digitization process, consequent to the exponential technological evolution in place. IT system failures and freezes can have a direct impact on most business processes. In the current social economic environment, cyber security risks are increasing, mainly due to cybercriminal attacks. If successful, such attacks could adversely impact the Group's business operations, financial condition or reputation. The Group has started the activities necessary to keep the systems protected and to guarantee their recovery following emergencies, as well as an adequate data storage capacity. In parallel with the provisions of the European Regulation (GDPR), the Group continuously works to protect rights in relation to the personal data processed.

Information on proceedings in progress

The Parent Company has proceedings in progress before the Court of Modena for the administrative liability of legal entities - pursuant to Italian Legislative Decree no. 231/2001 - for an alleged violation of Art. 319 of the Italian Criminal Code, with reference to the awarding of a tender issued by AOU Policlinico di Modena for a nine-year "Global Service" contract, through resolution of 19.12.2008 to the RTI (temporary joint consortium) established by Coopservice Soc.Coop.p.A., in its capacity as lead contractor, and by other companies including Servizi Italia S.p.A., Padana Everest S.r.l. and Lavanderia Industriale ZBM S.p.A. (companies subsequently merged by incorporation into Servizi Italia S.p.A.) as principals. It should be noted that, at the hearing on 16 February 2021, the Court of Modena ruled in favour of the Chairman, Mr. Roberto Olivi and Messrs. Enea Righi and Luciano Facchini, former directors with powers of representation of Servizi Italia, judgment of not having to proceed due to prescription with consequent extinction of the disputed crime. Currently, therefore, as specified above, the procedure continues exclusively against the entities so as to initiate the investigation also in terms of the non-existence of the predicate offence already declared prescribed in relation to the predicate offences referred to in Legislative Decree no. 231 of 2001. For completeness, 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, 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, the parent company unsuccessfully proposed an appeal for revocation before the Council of State. To date, an appeal is pending before the Supreme Court of Cassation for lack of jurisdiction.

The Group, having carried out the necessary verifications and assessed with the support of its legal consultants, 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.

Human resources and industrial relations

As at 31 December 2021 the workforce of Servizi Italia Group, including employees of consolidated companies, was as follows:

Company	Executives	Middle managers	White-collar staff	Blue-collar staff	Total
Servizi Italia S.p.A.	12	27	170	1,730	1,939
Steritek S.p.A.	-	-	25	-	25
Lavsim Higienização Têxtil S.A.	1	6	50	443	500

Maxlav Lavanderia Especializada S.A.	2	1	22	454	479
Vida Lavanderias Especializada S.A.	-	1	2	9	12
Aqualav Serviços De Higienização Ltda	-	1	9	226	236
Ankateks Turizm İnşaat Tekstil Temizleme Sanayi ve Ticaret Ltd Şirketi	2	-	6	259	267
Ergülteks Temizlik Tekstil Ltd. Sti.	-	-	2	112	114
Wash Service S.r.l.	-	-	7	41	48
Ekolav S.r.l.	-	-	9	46	55
TOTAL	**17**	**36**	**302**	**3,320**	**3,675**

1 Industrial Relations

During 2021, the HR Department was mainly focused on its commitment to allow 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 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 current epidemiological emergency.

In this context, dialogue continued with the trade unions and workers' representatives at company level, with the aim of seeking shared solutions to respond to the epidemiological and market situation.
In addition, in order to counteract the negative economic effects linked to both the current market context and the pandemic underway, the Parent Company undertook a financial and reorganization process, still under way.

2 Training and development

In 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.
During 2021, the Group provided a total of 14,824.81 hours of training, equal to 4.03 hours per employee, involving 86.7% blue-collar workers, 12.4% white-collar workers, 0.3% middle managers and 0.7% executives. This number is higher than the set target by more than 10,000, maintaining constant the updating of all staff, supporting the professional development of junior employees and strengthening the skills of those with roles of responsibility, aware that training represents strategic leverage for the growth of the company. The hours of training are increasing (+ 32% approximately)

compared to those of 2020. The result is partly due to the consolidation of distance training (FAD) which has allowed the recovery of periodic training especially in the field of safety and professional technique for workers and partly to new training initiatives aimed at all personnel relatively, in the first place, privacy and anti-corruption. For additional information on the issues concerning personnel training and development, refer to the Consolidated Non-financial Disclosure, 2021 Sustainability Report.

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 aforementioned Consob Regulation at the time of significant mergers, 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. The accompanying financial statements of Servizi Italia S.p.A. and the consolidated financial statement of the Group constitutes a version which is in compliance with the "*Regolamento Emittenti Consob* 11971/99, Art. 65-*quarter*" and not compliant with the provisions of the Commission Delegated Regulation (EU) 2019/815 (i.e. European Single Electronic Format - ESEF). This report has been translated into the English language solely for the convenience of international readers.

Allocation of the profit (loss) for the year

Dear Shareholders,
Acknowledging that the net profit for the year is equal to Euro 4,812,088, the Board of Directors asks you to approve the separate financial statements for the year ended 31 December 2021 and to allocate the profit for the year according to the proposal made in the notes to the separate financial statements, that is:

- Euro 1,537,645 to the valuation reserve for equity investments by using the equity method;
- to carry forward the residual profit for the year.

It also proposes to allocate Euro 214,258 from the valuation reserve for equity investments by using the equity method to profit carried forward as the restrictions on distribution as dividends no longer apply.

The Chairman of the Board of Directors
(Roberto Olivi)

E-MARKET
SDIR
CERTIFIED

Separate financial statements

as at 31 December 2021

SERVIZI ITALIA S.P.A.
Via S. Pietro, 59/B
43019 Castellina di Soragna (PR) – ITALY
Tel. +39 0521 598511 – sede@si-servizitalia.com
www.servizitaliagroup.com

STATEMENT OF FINANCIAL POSITION

(Euros)	Note	31 December 2021	*of which with related parties (Note 8)*	31 December 2020	*of which with related parties (Note 8)*
ASSETS					
Non-current assets					
Property, plant and equipment	6.1	129,465,614	*20,552,644*	134,466,554	*22,632,042*
Intangible assets	6.2	3,340,164	-	3,844,465	-
Goodwill	6.3	44,575,159	-	44,575,158	-
Equity-accounted investments	6.4	46,187,974	-	48,709,122	-
Equity investments in associates, joint ventures and other companies	6.5	28,808,821	-	28,817,629	-
Financial receivables	6.6	3,745,894	*2,422,118*	5,663,382	*4,157,770*
Deferred tax assets	6.7	7,444,485	-	7,110,159	-
Other assets	6.8	1,930,613	-	2,817,693	-
Total non-current assets		**265,498,724**		**276,004,162**	
Current assets					
Inventories	6.9	6,515,416	-	6,358,455	-
Trade receivables	6.10	55,195,462	*11,361,093*	55,300,409	*12,636,078*
Current tax receivables	6.11	1,763,210	-	1,902,975	-
Financial receivables	6.12	7,430,036	*6,279,961*	8,015,167	*6,769,710*
Other assets	6.13	6,863,191	-	7,389,608	-
Cash and cash equivalents	6.14	765,758	-	996,458	-
Total current assets		**78,533,073**		**79,963,072**	
TOTAL ASSETS		**344,031,797**		**355,967,234**	
SHAREHOLDERS' EQUITY AND LIABILITIES					
Shareholders' equity					
Share capital	6.15	29,809,043	-	30,258,991	-
Other reserves and retained earnings	6.15	87,067,113	-	88,256,340	-
Profit (loss) for the year		4,812,088	-	2,586,270	-
TOTAL SHAREHOLDERS' EQUITY	6.15	**121,688,244**		**121,101,601**	
LIABILITIES					
Non-current liabilities					
Due to banks and other lenders	6.16	54,509,994	*20,543,205*	50,856,910	*22,241,728*
Deferred tax liabilities	6.17	1,722,055	-	2,025,881	-
Employee benefits	6.18	6,925,174	-	8,316,752	-
Provisions for risks and charges	6.19	759,617	-	978,532	-
Other financial liabilities	6.20	-	-	696,075	-
Total non-current liabilities		**63,916,840**	-	**62,874,150**	
Current liabilities					
Due to banks and other lenders	6.16	67,008,859	*1,569,932*	75,190,178	*1,495,597*
Trade payables	6.21	72,368,279	*10,009,321*	76,839,609	*13,408,228*
Current tax payables	6.22	195,219	-	-	-
Employee benefits	6.18	719,329	-	66,602	-
Other financial liabilities	6.23	599,374	-	3,272,044	*1,779,813*
Provisions for risks and charges	6.19	1,525,547	-	1,523,187	-
Other payables	6.24	16,010,106	-	15,099,863	-
Total current liabilities		**158,426,713**		**171,991,483**	
TOTAL LIABILITIES		**222,343,553**		**234,865,633**	
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		**344,031,797**		**355,967,234**	

INCOME STATEMENT

(Euros)	Note	31 December 2021	*of which with related parties (Note 8)*	31 December 2020	*of which with related parties (Note 8)*
Sales revenues	**7.1**	211,754,659	*15,420,259*	195,573,894	*14,766,238*
Other income	**7.2**	9,142,376	*1,799,539*	6,129,111	*2,142,958*
Raw materials and consumables	**7.3**	(22,458,116)	*(181,174)*	(22,727,750)	*(175,205)*
Costs for services	**7.4**	(75,453,168)	*(26,948,198)*	(68,189,848)	*(24,984,521)*
Personnel expense	**7.5**	(70,580,250)	*(1,060,609)*	(66,159,456)	*(520,764)*
Other costs	**7.6**	(981,161)	*(73,635)*	(1,427,609)	*(41,494)*
Depreciation/amortisation, impairment and provisions	**7.7**	(44,960,643)		(43,554,043)	-
Operating profit		**6,463,697**		**(355,701)**	
Financial income	**7.8**	732,575	*497,762*	1,688,626	*697,358*
Financial expenses	**7.9**	(2,704,441)	*(1,318,933)*	(3,324,174)	*(1,412,678)*
Income/(expense) from equity investments	**7.10**	436,789	*94,730*	2,158,765	-
Share of profit/loss of equity-accounted investments	**6.4**	331,341		165,744	*54,205*
Profit before tax		**5,259,961**		**333,260**	
Current and deferred taxes	**7.11**	(447,873)		2,253,010	
Profit (loss) for the year		**4,812,088**		**2,586,270**	

STATEMENT OF COMPREHENSIVE INCOME

(Euros)	Note	31 December 2021	31 December 2020
Profit (loss) for the year		**4,812,088**	**2,586,270**
Other comprehensive income that will not be reclassified to the Income Statement			
Actuarial gains (losses) on defined benefit plans	**6.18**	9,317	(228,913)
Portion of comprehensive income of the investments measured using the equity method			
Income taxes on other comprehensive income	**6.7 6.17**	(2,236)	54,939
Other comprehensive income that may be reclassified to the Income Statement			
Portion of comprehensive income of the investments measured using the equity method	**6.4**	(3,228,196)	(15,115,342)
Income taxes on other comprehensive income			
Total other comprehensive income after taxes		**(3,221,115)**	**(15,289,316)**
Total comprehensive income for the period		**1,590,973**	**(12,703,046)**

STATEMENT OF CASH FLOWS

(Euros)	Note	31 December 2021	*of which with related parties (Note 8)*	31 December 2020	*of which with related parties (Note 8)*
Cash flow generated (absorbed) by operations					
Profit (loss) before tax		5,259,962	-	333,260	-
Payment of current taxes		-	-	-	-
Amortisation	**7.7**	44,492,666	-	42,631,926	-
Impairment and provisions	**7.7**	467,977	-	922,117	-
Gains/losses on equity investments	**6.4 7.10**	(768,130)	-	(2,324,509)	-
Gains/losses on disposal	**7.2 7.6**	(2,414,258)	-	(687,766)	-
Interest income and expense accrued	**7.8 7.9**	1,971,866	-	1,635,549	-
Interest income collected	**7.8**	228,301	-	384,824	-
Interest expense paid	**7.9**	(842,647)	-	(895,234)	-
Interest paid on liabilities for leasing	**7.9**	(1,539,031)	*(1,318,933)*	(1,633,897)	*(1,412,678)*
Provisions for employee benefits	**6.18**	888,353	-	(538,505)	-
(Increase)/decrease in inventories	**6.9**	(169,616)	-	(1,331,070)	-
(Increase)/decrease in trade receivables	**6.10**	(3,544,483)	*2,264,601*	2,296,955	*694,756*
Increase/(decrease) in trade payables	**6.21**	(1,145,789)	*(3,398,907)*	12,131,067	*3,302,490*
Increase/(decrease) in other assets and liabilities		(1,865,103)	*(1,779,813)*	(5,027,264)	*(890,000)*
Settlement of employee benefits	**6.18**	(1,610,622)	-	(505,355)	-
Cash flow generated (absorbed) by operations		**39,409,446**	-	**47,392,098**	-
Net cash flow generated (absorbed) from investment activities in:					
Intangible assets	**6.2**	(662,005)	-	(801,901)	-
Property, plant and equipment	**6.1**	(45,671,120)	-	(44,061,239)	-
Dividends received	**7.10**	584,772	-	1,049,462	-
(Acquisitions)/Disposals		9,527,290		-	
Sale of equity investments	**6.4 6.5**	9,302	-	1,959,458	-
Purchase of equity investments	**6.4 6.5**	(580,768)	-	(5,015,066)	-
Net cash flow generated (absorbed) by investment activities		**(36,792,529)**	-	**(46,869,286)**	-
Cash flow generated (absorbed) from financing activities in:					
Financial receivables	**6.6 6.12**	2,684,947	*2,225,401*	2,853,802	*50,099*
Net (purchase)/sales of treasury shares	**6.15**	(1,004,330)	-	(1,645,013)	-
Dividends paid	**6.15**	-	-	(4,279,591)	-
Share capital increase	**6.15**	-	-	-	-
Current due to banks and other lenders	**6.16**	(5,547,557)	-	15,457,618	-
Non-current due to banks and other lenders	**6.16**	3,653,084	-	(11,419,781)	-
Reimbursement of liabilities for leasing		(2,633,761)	*(1,495,521)*	(2,655,434)	*(1,408,001)*
Cash flow generated (absorbed) from financing activities		**(2,847,617)**	-	**(1,688,399)**	-
(Increase)/decrease in cash and cash equivalents		**(230,700)**		**(1,165,587)**	
Opening cash and cash equivalents	**6.14**	**996,458**		**2,162,045**	
Incorporated cash		**-**		**-**	
Closing cash and cash equivalents	**6.14**	**765,758**		**996,458**	

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

(thousands of Euros)	Share capital	Share premium reserve	Legal reserve	Retained earnings	Translation reserve	Profit (loss) for the year	Total Shareholders' Equity
Balance as at 1 January 2021	**30,935,240**	**51,197,930**	**6,617,527**	**59,413,131**	**(17,157,363)**	**8,019,702**	**139,026,167**
Allocation of profit from the previous year	-	-	-	3,740,111	-	(3,740,111)	-
Distribution of dividends	-	-	-	-	-	(4,279,591)	(4,279,591)
Acquisition non-controlling interests	-	-	-	703,083	-	-	703,083
Treasury share transactions	(676,249)	(968,763)	-	-	-	-	(1,645,012)
Profit (loss) for the year	-	-	-	-	-	2,586,270	2,586,270
Other components of comprehensive income	-	-	-	(173,974)	(15,115,342)	-	(15,289,316)
Balance as at 31 December 2020	**30,258,991**	**50,229,167**	**6,617,527**	**63,682,351**	**(32,272,705)**	**2,586,270**	**121,101,601**
Balance as at 1 January 2021	**30,258,991**	**50,229,167**	**6,617,527**	**63,682,351**	**(32,272,705)**	**2,586,270**	**121,101,601**
Allocation of profit from the previous year	-	-	-	2,586,270	-	(2,586,270)	-
Treasury share transactions	(449,948)	(554,382)	-	-	-	-	(1,004,330)
Profit (loss) for the year	-	-	-	-	-	4,812,088	4,812,088
Other components of comprehensive income	-	-	-	7,081	(3,228,196)	-	(3,221,115)
Balance as at 31 December 2021	**29,809,043**	**49,674,785**	**6,617,527**	**66,275,702**	**(35,500,901)**	**4,812,088**	**121,688,244**

EXPLANATORY NOTES

Introduction

The separate financial statements of Servizi Italia S.p.A., which include the statement of financial position, income statement, statement of comprehensive income, cash flow statement, statement of changes in shareholders' equity and explanatory notes, have been draw up in compliance with the "International Financial Reporting Standards IFRS" issued by the International Financial Reporting Standards Board and with the interpretations issued by the IFRS Interpretation Committee, based on the text published in the Official Journal of the European Communities (O.J.E.C.).
These financial statements were approved on 14 March 2022 by the Board of Directors, which authorised their publication.
The accounting standards illustrated below have been applied on a consistent basis to all the periods presented.
The amounts shown in the explanatory notes are expressed in thousands of Euros, unless specified otherwise.
The financial statement schedules adopted by the group have the following characteristics:

- in the Statement of Financial Position, assets and liabilities are classified by maturity and are divided between current or non-current;
- in the Income Statement, costs and revenues are classified by nature;
- a separate Statement of Comprehensive Income has been provided;
- the Cash Flow Statement has been prepared using the indirect method, as permitted under IAS 7;
- the Statement of Comprehensive Income has been prepared according to the provisions of IAS 1.

IFRS accounting standards, amendments and interpretations applied as from 1 January 2021

The following IFRS accounting principles, amendments and interpretations were applied for the first time by the Company on 1 January 2021:

- On 31 March 2021, the IASB published an amendment called "***Covid-19-Related Rent Concessions beyond 30 June 2021 (Amendments to IFRS 16)***"which extends the application period of the amendment issued in 2020 by one year, which provided for lessees the right to account for the reduction in rents connected to Covid-19 without having to assess, through the analysis of the contracts, whether the definition of *lease modification* of IFRS 16 was respected. Therefore, the lessees who have applied this option in the 2020 financial year have accounted for the effects of the reductions in rents directly in the income statement at the effective date of the reduction. The 2021 amendment, available only to entities that have already adopted the 2020 amendment, is effective as of 1 April 2021 and early adoption is allowed.
  Adoption of this new amendment had no impact on the Company's financial statements.

- 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 were effective from 1 January 2021.
  Adoption of this new amendment had no impact on the Company's financial statements.
- On 26 September 2019 the IASB published the amendment entitled "Amendments to IFRS 9, IAS 39 and IFRS 7: Interest Rate Benchmark Reform". The same amends IFRS 9 - Financial Instruments and IAS 39 - Financial Instruments: Recognition and Measurement as well as IFRS 7 - Financial Instruments: Disclosures. In particular, the amendments modify specific hedge accounting requirements, providing for temporary derogations in order to mitigate the impact of uncertainty with regard to the IBOR reform on future cash flows during the period prior to its completion. The amendments also require additional disclosures related to hedges directly impacted by the uncertainties generated by the reform and to which such derogations apply.
  Adoption of this new amendment had no impact on the Company's financial statements.

IFRS accounting standards, amendments and interpretations approved by the European Union, not yet applicable on a mandatory basis and not adopted early by the Company as at 31 December 2021

At the reference date of these separate financial statements, the competent bodies of the European Union have not yet concluded the endorsement process needed for the adoption of the amendments and standards described below, in respect of which the Directors do not expect significant effects on the Company's financial statements.

- 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 this implying changes to the provisions of the standard.***
  - ***Amendments to IAS 16 Property, Plant and Equipment***: the purpose of the amendments is not to allow the deduction from the cost of tangible assets the amount received from the sale of assets produced in the test phase of the same assets. These sales revenues and the related costs will therefore be recognized in the income statement.
  - ***Amendments to IAS 37 Provisions, Contingent Liabilities and Contingent Assets***: the amendment clarifies that all costs directly attributable to the contract must be considered in the estimate of the possible cost of a contract. Consequently, the assessment of the possible cost of a contract includes not only incremental costs (such as, for example, the cost of the direct material used in the processing), but also all the costs that the company cannot avoid since it has stipulated the contract (such as, for example, the portion of depreciation of the machinery used to fulfil the contract).

- Annual Improvements 2018-2020: the amendments were made to IFRS 1 First-time Adoption of International Financial Reporting Standards, IFRS 9 Financial Instruments, IAS 41 Agriculture and the Illustrative Examples of IFRS 16 Leases.

All amendments will enter into force on 1 January 2022.

Directors do not expect any significant effect on the separate financial statements of the Company upon adoption of this amendment.

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

At the reference date of this document report, the European Union had not yet concluded the approval process needed for the adoption of the amendments and standards described below.

- On 23 January 2020, the IASB published an amendment entitled "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 payables 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 any significant effect on the separate financial statements of the Company upon adoption of this amendment.

- On 12 February 2021, the IASB published two amendments called "***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 aimed at improving disclosure on accounting policies in order to provide more useful information to investors and other primary users of the financial statements and to help companies distinguish changes in accounting estimates from changes in accounting policies. The amendments will apply from 1 January 2023, though early adoption is allowed. Directors do not expect any significant effect on the separate financial statements of the Company upon adoption of this amendment.

- On 7 May 2021, the IASB published an amendment called "***Amendments to IAS 12 Income Taxes: Deferred Tax related to Assets and Liabilities arising from a Single Transaction***". The document clarifies how deferred taxes on certain transactions which can generate assets and liabilities of the same amount, such as leasing and dismantling obligations, must be accounted for. The amendments will apply from 1 January 2023, though early adoption is allowed. Directors do not expect any significant effect on the separate financial statements of the Company upon adoption of this amendment.

1 Core Business

The Company operates in the domestic market, providing integrated wash-hire and sterilisation services for textiles and surgical instruments to social/welfare and public and private hospital facilities. In particular, the services provided by the Company consist of:

- 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 Aurum S.p.A., with registered offices in via Rochdale 5, Reggio Emilia.

3 Accounting standards and basis of preparation

The separate financial statements were drawn up in accordance with the criterion of cost, except in the cases specifically described in the following notes, for which the fair value was applied.

A. Property, plant and equipment

Tangible fixed assets include land and buildings, machinery and plant, returnable assets, industrial and commercial equipment, linen and other assets benefiting future periods.
Fixed assets are stated at purchase or production cost, inclusive of the related costs and costs necessary for making the asset available for use, net of accumulated depreciation. The costs subsequent to purchase are included in the value of the asset or recorded as a separate asset only if it is probable that the Company will receive future economic benefits associated with the assets and the cost can be measured. Maintenance and repairs are recognised in the income statement in the period in which they are incurred.
The useful life of the company's linen used in the production process has been estimated and revised annually, taking into consideration numerous factors that may affect it, such as the wear and tear deriving from use and from the washing cycles. These factors are subject to variations over time, due to their very nature.
Depreciation of tangible fixed assets is calculated on a straight-line basis so as to spread the value of the assets over the estimated useful life according to the following categories:

Category	Years
Industrial buildings	33
Plant and machinery	12
General plant	7
Industrial and commercial equipment	4
Specific equipment	8
Flat linen	3
Packed linen for "118" emergency services operators and hotel	4
Mattresses	8
Furniture and fixtures	8

Electronic machinery	5
Cars	4
Other vehicles	5

The useful lives are reviewed, and adjusted if necessary, at the end of each period.
The individual components of an asset, which are characterised by a different useful life, are depreciated separately and on a consistent basis with their duration according to an approach by components. Returnable assets are depreciated over the residual duration of the contract within the sphere of which they are realised.
If there are indicators of impairment, tangible assets are subject to an "Impairment test" as per the following section E; any impairment may be subsequently reversed if the reasons for the impairment cease to apply. These fixed assets include the costs for the creation of the sterilisation and washing installations at the customer sites, which are used exclusively by the Company. These assets are depreciated over the useful life of the assets or the residual duration of the relative contract, whichever is the shorter. The ownership of the asset is transferred to the customer on termination of the contract. The financial expense is capitalised if directly attributable to the purchase, construction or production of an asset.

B. Leasing

Assets and/or services acquired via finance and/or operating lease contracts, if inherent to their definition under IFRS 16, are recognised under property, plant and equipment, with recognition under liabilities of a financial payable for the same amount. The payable is progressively reduced on the basis of the repayment plan for the principal amounts included in the fees contractually envisaged, while the value of the assets recorded among property, plant and equipment is systematically depreciated in relation to the economic-technical life of said asset in the event of a finance lease, or based on the duration of the contractually defined non-cancellable period in the event of an operating lease.

C. Intangible assets

Only identifiable assets, controlled by the enterprise, which are able to produce future economic benefits, can be defined as intangible assets.
These assets are recorded in the financial statements at purchase or production cost, inclusive of the related charges as per the criteria already indicated for property, plant and equipment. The development costs are also capitalised provided that the cost can be reliably determined and that it can be demonstrated that the asset is able to produce future economic benefits.
The intangible assets with a defined useful life are amortised systematically as from the moment the asset is available for use over the envisaged period of utility. They are mainly represented by software licences acquired for a consideration capitalised on the basis of the cost incurred. These costs are amortised on a straight-line basis according to their estimated useful life (3-5 years).
The value attributed to the contract portfolio with the customers acquired by the Company through acquisitions is amortised based on the residual duration of the related contracts and in proportion to the time distribution of the resulting cash flows.

D. Goodwill

Goodwill represents the additional costs incurred with respect to the fair value of the net assets identified at the time of the acquisition of a company or business. In the separate financial statements, goodwill related to the acquisition of subsidiaries, associates and joint ventures is included in the

recognised value of the equity investments measured with the criteria described in the paragraph "Equity investments".
All goodwill is verified once a year to identify any impairment loss ("impairment test") and is recognised net of any impairment.
An impairment loss recognised for goodwill cannot be reversed in a subsequent period.
For the purposes of the impairment test, goodwill is allocated to the individual cash generating units ("CGUs") or CGU groups that are believed to be the source of the financial benefits from the acquisition to which goodwill refers.

E. Impairment test

In the presence of situations that may potentially generate impairment losses, impairment tests are carried out on property, plant and equipment and intangible assets, by measuring their recoverable value and comparing it with the corresponding net carrying value. If the recoverable value is less than the carrying value, the latter is adjusted accordingly. This reduction represents a loss in value, which is recognised in the Income Statement.
Goodwill and assets with an indefinite useful life or assets not available for use are subject at least once a year to an impairment test, to verify the recoverability of their value. An impairment test is carried out on assets that are amortised/depreciated on the occurrence of events and circumstances that indicate that the carrying value might not be recoverable. In such cases, the book value of the asset is written down until reaching the recoverable value.
The recoverable value is the greater of the fair value of the assets net of selling costs and the value in use. For impairment test purposes, the assets are grouped together at the level of cash generating units ("CGUs") or CGU groups.
As of each reporting date, steps are taken to verify whether the impairments made on the non-financial assets further to impairment tests should be reversed. If a write-down, previously carried out, no longer has a reason to exist, except for the goodwill, its book value is written back using the new value deriving from the estimate, provided that this value does not exceed the net carrying value that the asset would have had if no write-down was ever carried out. The write-back is also recorded in the Income Statement. Impairment losses recognised on goodwill cannot be reversed.

F. Equity investments

Servizi Italia S.p.A. controls a company when, in exercising the its power over it, it is exposed and is entitled to its variable returns, involved in its management and, at the same time, has the possibility to impact the variable returns of the subsidiary. The exercise of the power on the subsidiary is based on: (i) the voting rights, also potential, held and by virtue of which one can exercise the majority of the votes exercisable during the company's ordinary shareholders' meeting; (ii) the content of any agreements between shareholders or the existence of particular article of association clauses, which assign the power to govern the company; (iii) the control of a number of votes sufficient to exercise the de facto control of the company's ordinary shareholders' meeting.
Joint control agreements in which the parties hold rights on the net assets of the agreement are defined as joint ventures or joint ventures companies, while the joint ventures agreements in which the parties hold rights on the assets and obligations related to the agreement are defined as joint ventures assets. Joint control is the sharing, on a contractual basis, of the control of an agreement, which exists solely when due to decisions relating to the significant activities the unanimous consent of all the parties, which share the control, is required.

Associates are companies in which Servizi Italia S.p.A. is able to participate in the definition of the operating and financial policies despite the same not being subsidiaries or joint venture parties. Jointly controlled assets (joint operations) are recorded by recognising the portion of asset and liability, cost and revenue that pertain thereto.

a) Equity investments in subsidiaries

The investments in subsidiaries are included in the annual financial statements with the equity method, as allowed by IAS 27 and in line with IAS 28.

In application of the equity method, the investment in a subsidiary is initially recognised at cost and the book value is increased or decreased in order to record the portion pertaining to the parent company in the profits or losses of the subsidiary made after the acquisition date. The portion of the profit (loss) for the year of the subsidiary pertaining to the parent company is recognised in the income statement. The dividends received from a subsidiary reduce the book value of the investment. Adjustments of the book value may be needed also following changes to the shareholding held, deriving from changes in the items of the other comprehensive income of the subsidiary (e.g. the changes deriving from the difference of conversion of items in foreign currency). The portion of these changes pertaining to the participant is recognised in other comprehensive income.

If the attributable portion of the losses of a subsidiary is the same or higher than the value of the equity investment, after zeroing the value of the share, the additional losses were provided and recognised as liabilities, only to the extent that legal or implicit contractual obligations exist or the payments on the behalf of the subsidiary have been made. If the subsidiary subsequently obtains profits, the parent company records the portion of the profits pertaining to it only after settling its portion of losses not recognised.

The profits and losses from transactions with a subsidiary are recognised in the financial statements of the controlling entity only for the percentage interest in the subsidiary held by third parties. If a company valued with the equity method has, in turn, subsidiaries, associates or joint-ventures, the profit (loss) for the year, the other items of the statement of comprehensive income statement and the net assets considered during the application of the equity method are those recorded in the consolidated financial statements of the subsidiary company.

If there is objective evidence of a value loss, an impairment test is carried out on the equity investment, with the same procedures described for intangible and tangible fixed assets in paragraph E.

For the purposes of the application of the equity method, the financial statements of each foreign entity are expressed in Euros, which is the reporting currency of Servizi Italia S.p.A. and the presentation currency for the separate financial statements. All the assets and liabilities of foreign companies in currency other than Euros are converted using the exchange rates existing as of the financial statement reference date (current exchange rate method). Income and costs are converted at the average exchange rate for the period. The exchange differences deriving from the application of this methods, as well as exchange differences deriving from the comparison between the opening shareholders' equity converted using the current rates and the same converted using the historical rates, pass through comprehensive income and are accumulated in a specific shareholders' equity reserve until the investment is transferred.

The exchange rates used for the conversion into Euros of the financial statements of the subsidiaries are illustrated below:

Currency	Exchange rate as at 31 December 2021	Average exchange rate for 2021	Exchange rate as at 31 December 2020	Average exchange rate for 2020
Brazilian Real (BRL)	6.3101	6.3779	6.3735	5.8943
Turkish Lira (TRY)	15.2335	10.5124	9.1131	8.0547

b) <u>Equity investments in associates, joint ventures and other companies</u>

Equity investments in associates and joint ventures companies are carried at purchase cost, possibly reduced in the event of distribution of the capital or capital reserves or in the presence of losses in value determined further to an Impairment test. The cost is reinstated in subsequent years if the reasons for the impairments no longer exist.

c) <u>Equity investments in other companies</u>

Equity investments in other companies include minority interests of less than 20% related to strategic and productive investments held since related to the management of orders or concessions. These equity investments usually cannot be freely transferred to third parties, since they are subject to rules and agreements that in practice prevent their free circulation. The equity investments in other companies are recognised at the fair value if there is an active market for the securities representative of these equity investments. The profits or the losses deriving from changes in the fair value are recognised directly in the Income Statement. If an active market is not available, which is the case for all equity investments held by the Company as at 31 December 2021, equity investments in other companies are recognised at the cost of purchase or set-up, reduced for any impairment or capital refund, as best estimate of the fair value.

G. Financial instruments

Financial assets are initially recognised at fair value, increased (or decreased in the case of financial assets recognised at fair value through profit or loss) by the transaction costs directly related to the acquisition of the assets. The subsequent valuation depends on the nature of the cash flows generated by the asset and the model adopted by the Company for the management of the asset. In particular:

- if the cash flows of the instrument consist only of principal repayments and interest on the principal due and if the model for managing financial assets provides only for the collection of the cash flows generated by the financial instrument, the financial asset is measured with the amortised cost method. Financial instruments recognised in the financial statements, consisting of financial receivables, trade receivables and other assets, fall under financial instruments valued at amortised cost.
- If the cash flows of the instrument consist only of principal repayments and interest on the principal due and if the model for managing financial assets provides for a combination of the collection of the cash flows from the instrument and the cash flows deriving from the sale of the instrument, the financial asset is measured at fair value with recognition of the effects among other components in the statement of comprehensive income.
- If the cash flows of the instrument do not consist only of principal repayments and interest on the principal due or if the model for managing financial assets provides for collection of the cash

flows from the instrument and the cash flows deriving from the sale of the instrument, the financial asset is measured at fair value with recognition of the effects in the income statement.

Derivative instruments are recognised at fair value in the statement of financial position. The gains and losses realised are recognised in the income statement if the derivatives cannot be defined as hedges under IFRS 9 or they hedge a price risk (fair value hedge) or in the statement of comprehensive income if they hedge a future cash flow or a future contractual commitment already undertaken as at the reporting date (cash flow hedge).
Cash and cash equivalents are bank and post office deposits, marketable securities, which represent temporary investments of liquidity and financial receivables due within three months.
Financial liabilities are recognised initially at the fair value increased (or decreased in the case of financial liabilities recognised at fair value through profit or loss) by the transaction costs directly related to the issue of the liabilities. Subsequently, they are measured at amortised cost, apart from financial derivatives or liabilities held for trading, which are recognised at fair value through profit or loss, or in the cases in which the Company chooses valuation at fair value through profit or loss for liabilities that would be otherwise recognised at the amortised cost. Financial liabilities, trade payables and other payables are recognised at amortised cost. No liabilities in the financial statements were recognised at fair value.
The value of the financial assets is adjusted for any impairment, measured using the Expected Credit Loss model, which estimates the loss expected over a period more or less long according to credit risk:

- for financial assets that did not see a significant increase in credit risk from the time of the initial recognition or that have a low credit risk at the reporting date, the expected loss is calculated on the subsequent 12 months;
- for financial assets that have seen a significant increase in credit risk from the time of the initial recognition but for which there is not yet objective evidence of impairment, the expected loss is calculated on the whole life of the asset;
- for financial assets for which there is objective evidence of impairment, the expected loss is calculated on the whole life of the asset and, with respect to the previous section, the interest cash flows are calculated on the value less the expected loss.

For trade receivables that do not contain a significant financing component, the expected loss is calculated using a method that is simplified with respect to the general approach described above. The simplified approach envisages the estimate of expected loss throughout the life of the credit and without needing to assess the 12-month Expected Credit Loss and the existence of significant increases in credit risk. In an additional derogation from the general method, for financial assets that have a low credit risk, when there is a low risk of default in the short term and in the presence of unfavourable changes in economic conditions, the 12-month expected loss is used.
The financial assets representing "white certificates" are allocated in relation to the achievement of energy savings through the application of efficient systems and technologies. The white certificates are recognised in the accounts on an accruals basis under "Other income", in proportion to the TOE (tonne of oil equivalent) savings effectively made in the period. The recognition of the same is carried out at the average annual market value unless the year-end market value is significantly lower. The decreases due to sales of white certificates matured during the period or in previous periods are valued at the disposal

price. The capital gains and losses deriving from the sales of certificates in periods different to those of maturity are recorded respectively under “Other income” or “Other costs”.

H. Other non-current assets held for sale

Non-current assets (and disposal groups) classified as held for sale are valued at the lower of their previous book value and fair value net of sales costs. Non-current assets (and groups of assets being disposed) are classified as held for sale when their book value is expected to be recovered through a sale transaction rather than through their use in the company's operations. This condition is only met when the sale is considered highly probable and the asset (or group of assets) is available for immediate sale in its current conditions. The first condition exists when Management has made a commitment to the sale; this should take place within twelve months from the date of classification under this item. From the date in which these assets are classified in the category of non-current assets held for sale, the corresponding depreciation is suspended.

I. Inventories

Inventories are recognised at purchase or production cost, inclusive of accessory charges, determined by applying the weighted average cost method or the estimated realisable value calculated on the basis of the market trend net of the sales costs, whichever is the lower.

J. Employee benefits

<u>Post-employment plans</u>

Consequent to the changes made to the employee severance indemnity (TFR) by Italian Law no. 296 dated 27 December 2006 (“2007 Finance Bill”) and subsequent Decrees and Regulations issued in the first few months of 2007, within the sphere of the supplementary welfare reform, the related Provision is recognised as follows:

- Termination indemnity fund accrued as of 1 January 2007: falls within the category of defined-contribution plans both in the event of opting for supplementary welfare and in the case of assignment to the Treasury Fund of INPS. The accounting treatment is similar to that existing for other kinds of contributory payments.
- Termination indemnity fund accrued as of 31 December 2006: this remains a defined-benefits plan determined by applying an actuarial-type method; the amount of the rights accrued in the period by the employees is booked to the Income statement under the item payroll and related costs while the figurative financial expense which the company would incur if a loan was requested from the market for an amount equal to the severance indemnity is booked to net financial income (expense). The actuarial gains and losses which reflect the effects deriving from changes in the actuarial hypotheses used are recognised under other comprehensive income in accordance with the matters envisaged by IAS 19 Employee benefits, section 93A.

<u>Remuneration plans under the form of participation in the capital</u>

Under IFRS 2, stock option plans are classified as “share-based payments”. For those plans that fall in the “equity-settled” category (where the payment is made using instruments representative of equity), the standard requires the calculation - as of the assignment date - of the fair value of the option rights issued and its recognition as personnel expense to be allocated on a straight-line basis over the period of accrual of the rights ("vesting period"), recognising a matching balance under shareholders' equity reserves. This treatment is carried out on the basis of the estimate of the rights, which will effectively accrue in favour of the employees, taking into consideration the conditions of availability of the same not based on the market value of the rights.

<u>Other long-term benefits</u>

The accounting treatment of other long-term benefits is similar to that for the post-employment benefit plans, with the exception of the fact that the actuarial gains and losses and costs deriving from prior employment services are recognised in the income statement in full in the period they accrue.

K. Provisions for risks and charges

Provisions for risks and charges are allocated exclusively in the presence of a current obligation, consequent to past events, which can be legal, contractual in type or derive from declarations or conduct of the company such as to lead third parties to validly expect that the company itself is responsible or assumes responsibility for fulfilling an obligation (so-called implicit obligations). If the financial effect of time is significant, the liability is discounted back; the effect of this discounting back is recorded under financial expense.

For onerous contracts, whose non-discretionary costs necessary for fulfilment of the obligations adopted exceed the economic benefits expected to be achieved, a provision is set aside which corresponds to the lesser of the cost necessary for fulfilment and any compensation or sanction deriving from breach of contract.

Conversely, no allocation is made against risks for which the onset of a liability is only possible. In this case, a mention is entered into the appropriate information section regarding commitments and risk, and no allocation is made.

L. Revenue and cost recognition

<u>Provision of services</u>

The Company offers the following services:

- rental and treatment of linen, mattresses and high visibility personal protective equipment;
- rental, treatment and sterilisation of medical devices, linen kits, medical surgical instrumentation devices assembled in kits and related services;
- technical services for clinical engineering and industry;
- marketing services for supplies;
- *Global service, project financing of healthcare facilities (construction/renovation, technological infrastructure, clinical engineering, medical-surgical devices, procurement processes).*

Revenues from the provision of services are recognised in the period in which the services are provided, since the customer has benefited from the service (and obtains its control) at the time in which this is provided. The services are paid and invoiced at regular intervals. The contracts are generally long-term and include mechanisms for the regular adjustment of prices usually based on inflation indicators that are recognised in the income statement at the time the adjustments become effective and the corresponding services are provided.

Some contracts also include installation/restructuring activities to be provided at customers' washing and sterilisation facilities. These contracts generally envisage the existence of a single performance obligation, and revenues are recognised throughout the duration of the contract, based on the contractual variables governing the provision of the service. When these services are identified as separate performance obligations with respect to the washing and sterilisation services, the corresponding considerations - allocated to the contractual obligations based on the relative stand alone prices - are recognised according to the progress of completion of the work, calculated according to the costs incurred with respect to the estimate, regularly updated, of the total cost or, alternatively, based on the units delivered. For these contracts, as well as for all those that include multiple performance obligations, the price corresponding to each service is based on the stand alone sale prices. If these prices cannot be directly observed, they are estimated based on the expected cost plus margin.

Sales of goods

Sales of goods are recognised when the control of the products is transferred, that is, when the products are delivered to the customer and there is no unmet obligation that could affect the acceptance of the products by the customer. The delivery is considered completed when the products have been delivered to the specified location, the risk of obsolescence and loss has been transferred and the customer has accepted the products according to the sale agreement, the terms for acceptance have expired, or the Company has objective proof that all criteria for the acceptance were met.
Revenues and income, costs and expense are recognised net of returns, discounts, allowances and premiums as well as the taxes directly associated with the sale of the goods and the provision of the services.

Other costs and revenues

The costs are correlated to goods and services sold or consumed in the period or deriving from systematic allocation, or when it is not possible to identify the future utility of the same, they are recognised and booked directly to the income statement.
Financial income and expense is recognised on an accruals basis. Financial expense is capitalised as part of the cost of property, plant and equipment and intangible assets to the extent it refers to the purchase, construction or production of the same. Dividends are recognised when the right to collection by the shareholder arises; this normally takes place during the period in which the shareholders' meeting of the associate, which resolves the distribution of profits or reserves, is held.

M. Income taxes

Current income taxes are recognised on the basis of an estimate of the taxable income in compliance with the rates and current provisions, or essentially approved at the year-end date.
Prepaid and deferred taxes are calculated on the timing differences between the value assigned to an asset or liability in the financial statements and the corresponding values recognised for tax purposes, on the basis of the rates in force at the time the timing differences will reverse. Prepaid taxes are only recorded to the extent that it is probable that there is taxable income available against which they can be used. The recoverability of the prepaid taxes recorded in previous years is valued as of closure of each set of financial statements.

When the changes in the assets and liabilities to which they refer are directly recognised under other comprehensive income, the current taxes, prepaid tax assets and deferred tax liabilities are also directly booked to other comprehensive income.
Deferred tax assets and liabilities are offset only if there is a legal right to exercise the offset operation and if it is intended to settle the items on a net basis, or realise the asset and simultaneously extinguish the liability.

N. Earnings per share
Basic and diluted earnings per share are indicated at the bottom of the consolidated income statement. The basic earnings per share is calculated by dividing the profit/loss of the Servizi Italia Group by the weighted average of the ordinary shares in circulation during the period, excluding treasury shares. For the purpose of calculating the diluted earnings per shares, the weighted average of the shares in circulation is altered, assuming the conversion of all potential shares, which have a dilutive effect.

O. Use of estimated values
The drafting of the financial statements requires the directors to apply accounting standards and methods, which, under certain circumstances, rest on difficult and subjective valuations and estimates based on past experience and assumptions, which are from time to time considered reasonable and realistic in relation to the related circumstances. The application of these estimates and assumptions influences the amounts shown in the financial statement schedules as well as the disclosure provided. The final results of the financial statement items for which the aforementioned estimates and assumptions have been used, may differ from those shown in the financial statements, which reveal the effects of the occurrence of an event subject to estimation, due to the uncertainty that characterises the assumptions and the conditions on which they are based.

<u>Particularly significant accounting standards</u>
The accounting standards, which, more than others, require greater subjectivity by the directors when making the estimates and for which a change in the conditions underlying the assumptions used could have a significant impact on the restated consolidated economic financial data, are briefly described below.

- *Goodwill: in accordance with the accounting standards adopted for the drafting of the financial statements, the Company checks the goodwill each year so as to ascertain the existence of any impairment to be recognised in the income statement.* In detail, the check involves the allocation of goodwill to cash flow generating units and the subsequent determination of the related recoverable value. If it should emerge as lower than the book value of the cash flow generating units, steps shall have to be taken to impair the goodwill allocated to this. The identification of the cash flow generating units, the allocation of goodwill to these and the forecast of the future cash flows involve the use of estimates, which depend on factors that may change over time with consequent effects, possibly significant, with respect to the valuations made by the directors.
- *Linen asset*: the economic life of the Company's linen used in the production process was estimated by taking into consideration numerous factors that may affect it, such as the wear and tear deriving from use and from the washing cycles. These factors are subject to changes over time and could significantly affect the depreciation of the linen.

- *Deferred taxes: the recognition of deferred tax assets is carried out on the basis of the expectations of income envisaged in future periods.* The valuation of the expected income for the purposes of recognition of the deferred taxation depends on factors that may vary over time and have significant effects on the valuation of the deferred tax assets.
- *Provisions for risks and charges*: in the presence of obligations and legal and tax risks, provisions are recognised in respect of the potential liabilities and risk of losing lawsuits. The value of the provisions recorded in the financial statements relating to these risks represents the best estimate made by management as at the reporting date. This estimate involves the adoption of assumptions which depend on factors that may change over time and which therefore could have significant effects with respect to the current estimates made by the directors for the drafting of the Company's financial statements.
- *Revenues from sales and services: the revenues for services underway in relation to contracts, which envisage invoicing of advance payments and the balance on the basis of the data communicated by the customer (days of hospitalisation, number of employees clothed, number of operations), are estimated internally on the basis of the past data supplemented by the most up-to-date information available.* This estimate involves the adoption of hypotheses on the performance of the variable to which the payment is linked.

4 Risk management policy

The management of 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 transactions that have strict relevance in the composition of the financial and/or trade assets and liabilities.
The activities 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 and appropriately inform the Director in charge of the internal control system and (also through him) the Board of Directors.

4.1 Type of risks hedged

When carrying out its activities, the Company is exposed to the following financial risks:

- price risk;
- interest rate risk;
- credit risk;
- liquidity risk;
- exchange rate risk.

<u>Price risk</u>

This is the risk associated with the volatility of the prices of the raw materials and the energy commodity, with particular reference to electricity and gas used in the primary production processes and cotton to which the purchase cost of the linen is linked. In the context of the tenders, the company avails itself of clauses, which permit it to adjust the price of the services provided in the event of significant cost changes. Price risk is also controlled by stipulating purchase agreements with price blocks and annual average timescales, in addition to constant monitoring of the performance of prices so as to identify any savings opportunities.

Interest rate risk

The Company's net financial debt comprises short-term payables which, as at 31 December 2021, represent approximately 55% of its debt, at an average annual rate of around 0.36%.In relation to the global financial crisis, the Company is monitoring the market and assessing the appropriateness of taking out hedging transactions on the rates in order to limit the negative impacts of changes in interest rates on the company's income statement.The table below demonstrates the effect that would be generated by a 0.5% increase or decrease in rates (in thousands of Euros).

(thousands of Euros)	0.5% rate increase		0.5% rate decrease	
	31 December 2021	31 December 2020	31 December 2021	31 December 2020
Financial receivables	+55	+67	(55)	(67)
Financial payables	+571	+558	(571)	(558)
Factoring of receivables	+434	+470	(434)	(470)

Credit risk

As receivables are essentially due from public bodies, they are deemed certain in terms of collectability and, due to their nature, are subject to a low risk of loss. Collection times depend on the loans received, the Local Health Authorities, the Hospitals and the Regional Authorities and at present average collection days are 94.

The Company applies the "simplified approach" specified by IFRS 9 to measure the expected losses on receivables. This is based on the estimate of the loss expected for the entire life for trade receivables and contractual activities.

To measure the expected losses on receivables, trade receivables were divided according to their credit risk characteristics, mainly related to the nature of the customer (public or private) and the days to maturity.

The expected loss rates are based on the sale payment profiles in a period of 11 years before 1 January 2021 and the corresponding historical losses on receivables that occurred in this period. The historical loss rates are adjusted to reflect current and expected future information on macroeconomic factors that affect the customers' ability to settle the amounts due.

A summary of trade receivables, net and gross of bad debt provisions, and the stratification by maturity of receivables as at 31 December 2021 is presented below:

(thousands of Euros)	Not yet due	Past due by less than 2 months	Past due by less than 4 months	Past due by less than 12 months	Past due by more than 12 months	Receivables with indications of impairment	Total
Expected loss rate	4.16%	0.31%	0.80%	0.20%	4.92%	80.11%	9.35%
Gross trade receivables	38,301	3,623	3,475	2,810	8,117	4,562	60,887
Loss expected as at 31 December 2021	**1,595**	**11**	**28**	**6**	**399**	**3,654**	**5,692**

The category "Not yet due" includes the receivables for late payment interest that are fully written-off on accrual and until the date of the actual collection.

Credit risk is constantly monitored by means of periodic processing of past due situations which are subject to analysis of the Company's financial structure. The Company has also set out recovery procedures for doubtful receivables and avails itself of the assistance of legal advisors in the event of disputes. Having taken into account the characteristics of the credit, the risk could become more significant in the event of an increase in the private customer component; however, this aspect is mitigated by careful selection and financing of customers. The predominant presence of receivables due from public bodies makes the credit risk marginal and shifts attention more towards the collection times rather than the possibility of losses.

Liquidity risk

In relation to the Company, liquidity risk is linked to two main factors:

- delay in payments from the public customer;
- maturity of the short-term loans.

Concentrating its business on orders contracted with the Public Administration Authorities, the Company is exposed to risks associated with delays in payments for receivables. In order to balance this risk, factoring agreements have been entered into with the without recourse formula, renewed also for 2021.

To correctly manage the liquidity risk, an adequate level of cash and cash equivalents must be maintained. In light of the predominantly public nature of the group's customers and the average collection times, cash and cash equivalents are mainly obtained from accounts receivable financing and medium-term loans. The loan agreements with Banca Crédit Agricole Cariparma S.p.A., Banco BPM S.p.A., Unicredit Banca S.p.A., BPER Banca S.p.A., Banca Monte dei Paschi di Siena S.p.A. and Cassa Depositi e Prestiti S.p.A. include clauses for the early repayment with respect to the corresponding amortisation plan if certain financial indicators ("covenants") have not been met. As at 31 December 2021, all covenants included in the loan agreements had been met.

The following table analyses the "worst case" scenario with reference to financial liabilities (including trade payables and other payables) in which all the flows indicated are future nominal cash flows, not discounted, calculated according to the residual contractual maturities, both for the principal and for the interest portion. The loans have been included on the basis of the first maturity on which the repayment can be requested and the non-revolving loans are considered callable on demand. Financial payables with a maturity of less than or equal to 3 months are almost entirely characterised by self-liquidating bank loans for invoice advances which, in as such, are replaced on maturity by new advances on newly-issued invoices. It should also be noted that the Company uses the short-term bank credit facilities available only in part.

(thousands of Euros)	Financial payables		Trade and other payables		Total	
	31 December 2021	31 December 2020	31 December 2021	31 December 2020	31 December 2021	31 December 2020
Less than or equal to 3 months	40,022	45,476	60,181	66,843	100,203	112,319
3 to 12 months	27,364	29,984	27,968	24,472	55,332	54,455
1 to 2 years	22,102	19,624	0	-	22,102	19,624
More than 2 years	32,647	31,401	0	-	32,647	31,401
Total	**122,135**	**126,485**	**88,149**	**91,315**	**210,284**	**217,800**

Exchange rate risk

The investments in Brazil, Turkey, India, Albania and Morocco have positioned the Servizi Italia 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 and Euro exchange rates.
The assessment of exchange rate risk weights the risk of currency fluctuations with the size and time distribution of the cash flows expressed in foreign currency and with the cost of any hedging transactions. The assessments, taking into account the fact that no capital repatriation is expected from abroad in the short term, have led to the decision not to hedge against currency risk.

4.2 Fair value hierarchy and information

IFRS 13 requires that the classification of the financial instruments at fair value be determined on the basis of the quality of the sources of the inputs used in the valuation of the fair value, giving priority to the inputs with a higher quality level according to the following hierarchy:

- Level 1: determination of the fair value on the basis of prices listed (unadjusted) on active markets for identical assets or liabilities.
- Level 2: determination of the fair value on the basis of inputs other than the listed prices included in "Level 1" but which are directly or indirectly observable.
- Level 3: determination of the fair value on the basis of measurement models whose inputs are not based on observable market data.

The types of financial instruments present in the financial statement items are shown in the following table, with indication of the accounting treatment applied. Note that no financial instrument has been valued at fair value, except for equity investments in other companies for which, lacking an active market in which such securities are traded, the cost sustained is considered to be the best approximation of the fair value. With regard to the financial instruments valued at amortised cost, it is believed that the book value also represents a reasonable approximation of their valuation at fair value.

(thousands of Euros)	Fair value through profit or loss	Fair value through OCI	Amortised cost
Non-current assets			
Equity investments in associates, joint ventures and other companies	28,809		
Financial receivables	386		3,360
Other assets			1,931
Current assets			
Trade receivables			55,195
Financial receivables			7,430
Other assets			6,863
Non-current liabilities			
Due to banks and other lenders			54,510
Other financial liabilities			-
Current liabilities			
Due to banks and other lenders			67,009
Trade payables			72,368
Other financial liabilities			599
Other payables			16,010

4.3 Supplementary information on the capital

The Company's objectives, in relation to the management of the capital and financial resources, involve safeguarding the ability of the Company to continue to operate with continuity, remunerate the

shareholders and the other stakeholders and at the same time maintain an optimum capital structure so as to minimise the related cost.
For the purpose of maintaining or adapting the structure of the capital, the Company may adjust the amount of the dividends paid to the shareholders, reimburse or issue new shares or sell assets to reduce the debt. On a consistent basis with other operators, the Company controls capital on the basis of the debt ratio (Gearing) calculated as the ratio between the net financial debt and net invested capital.

(thousands of Euros)	31/12/2021	31/12/2020	Change	% change
Shareholders' equity (B)	121,688	121,102	587	0.5%
Net financial debt[(a)] (A)	113,323	117,035	(3,712)	-3.2%
Net invested capital (C)	**235,011**	**238,137**	**(3,126)**	**-1.3%**
Gearing (A/C)	**48.2%**	**49.1%**		

[(a)] *The management of the Company 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.*
[(b)] *Including the effects of first-time adoption of IFRS 16 on Net Financial Debt.*

With regard to the main dynamics that have affected the indebtedness, see section 6.16.

5 Segment reporting

Servizi Italia S.p.A. operates in Italy in the following sectors:

- 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, (ii) rental and washing of high visibility "118" emergency service items, (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 rooms (linens for operating rooms and scrubs) packed in kits for the operating areas, in cotton or in re-usable technical fabric, as well as personal protection equipment;

- Sterilisation of surgical instruments (Steril C): this includes (i) the design and supply of washing, packaging and sterilisation services for surgical instruments (owned or rented) as well as accessories for operating rooms, (ii) the design, installation and renovation of sterilisation centres and, (iii) system validation and control services for sterilisation processes and surgical instrument washing systems.

Segment reporting is provided in the attached consolidated financial statements of the Servizi Italia Group and in short reflects the structure of the reporting periodically analysed by management so as to manage the business, and is subject to periodic HQ reporting.

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	Fixed assets under constr.	Total
Historical cost	38,256	124,443	30,322	63,623	123,737	4,246	384,627
Accumulated depreciation	(5,152)	(90,355)	(22,154)	(50,660)	(85,042)	-	(253,363)
Balance as at 1 January 2020	**33,104**	**34,088**	**8,168**	**12,963**	**38,695**	**4,246**	**131,264**
Increases	1,175	3,642	168	3,484	33,203	3,388	45,060
Decreases	-	(46)	-	(32)	(61)	(292)	(431)
Amortisation	(2,978)	(6,542)	(1,463)	(4,541)	(25,902)	-	(41,426)
Impairments (reinstatements)	-	-	-	-	-	-	-
Reclassifications	-	1,570	713	432	126	(2,841)	-
Balance as at 31 December 2020	**31,301**	**32,712**	**7,586**	**12,306**	**46,061**	**4,501**	**134,467**
Historical cost	39,240	128,863	31,203	66,755	134,049	4,501	404,611
Accumulated amortisation	(7,939)	(96,151)	(23,617)	(54,449)	(87,988)	-	(270,144)
Balance as at 31 December 2020	**31,301**	**32,712**	**7,586**	**12,306**	**46,061**	**4,501**	**134,467**
Increases	483	4,585	465	2,830	37,077	1,572	47,012
Decreases	(3,470)	(3,080)	(10)	(349)	(1,682)	(76)	(8,667)
Amortisation	(2,826)	(6,278)	(1,325)	(4,387)	(28,530)	-	(43,346)
Impairments (reinstatements)	-	-	-	-	-	-	-
Reclassifications	1	1,086	243	627	931	(2,888)	-
Balance as at 31 December 2021	**25,489**	**29,025**	**6,959**	**11,027**	**53,857**	**3,109**	**129,466**
Historical cost	35,086	126,350	31,481	67,026	144,025	3,109	407,077
Accumulated amortisation	(9,597)	(97,325)	(24,522)	(55,999)	(90,168)	-	(277,611)
Balance as at 31 December 2021	**25,489**	**29,025**	**6,959**	**11,027**	**53,857**	**3,109**	**129,466**

Notes on the main changes:

Land and buildings

The decreases in the item relate, for Euro 3,388 thousand, to the sale of the *workwear* business unit which included the plant located in Barbariga (Brescia) in the assets sold.

Plant and machinery

The increases in plant and machinery in 2021, equal to Euro 4,585 thousand, mainly concern the plant in Castellina di Soragna (Euro 1,272 thousand) and the purchase of reading portals for wash-hire contracts (Euro 1,100 thousand). The item also included reclassifications of Euro 1,086 thousand, relating primarily to the commissioning of reading portals for wash-hire contracts (Euro 412 thousand) and the commissioning of plants and machinery in the north-west area (Euro 321 thousand). The item also records a decrease of Euro 3,080 thousand mainly relating to the sale of plant and machinery included in the *workwear* business unit.

Returnable assets

These mainly refer to investments made at customers to construct and renovate existing plants used for washing and sterilisation activities. Therefore, the Company maintains control over, obtains benefits from and bears the operating risks of these plants. The entity maintains ownership of the plants at the end of the wash-hire/washing/sterilisation contract. On the basis of contractual commitments, the Company bore the cost of the partial renovation and expansion of the industrial laundry facilities owned by the contracting entities, to increase the efficiency of the rented linen washing and sanitation service. These costs have been amortised in accordance with the amortisation schedules linked to the duration of the existing contract with the contracting entities, when less than the useful life of the completed works.

For the year ended 31 December 2021, the increases in investments in freely transferable assets, for Euro 465 thousand, mainly concern the redevelopment of properties where the leased production sites are located, while reclassifications of Euro 112 thousand entirely concern the commissioning of the sterilisation plant in Tradate.

Industrial and commercial equipment

The changes during the year ended 31 December 2021 present an increase of Euro 2,830 thousand, of which Euro 1,224 thousand for the purchase of surgical instruments and Euro 1,606 thousand for the purchase of industrial equipment.

Other assets

The item is broken down as follows:

(thousands of Euros)	as at 31 December 2021	as at 31 December 2020
Linens and mattresses	51,557	43,551
Furniture and fixtures	182	225
Electronic machinery	1,218	1,270
Cars	15	9
Motor vehicles	224	219
Telephone switchboards	17	30
Rights to use motor vehicles	644	757
Total Other assets	**53,857**	**46,061**

The purchases carried out during the year were related to linen for a total of Euro 36,204 thousand. The latter are necessary for an increasingly efficient management of the warehouse, both for the new contracts acquired during 2021 and for the renewal of existing contracts.

The item increases is shown net of the tax credit for capital goods under Law 178/2020 recognized for purchases of capital goods made in 2021.

The Company sold linen, generating a capital gain of Euro 193 thousand. Furthermore, the value of the linen and mattresses completely amortised, for a total of Euro 24,962 thousand, was reversed from the respective accumulated depreciation, because it is presumed that on conclusion of the useful life of said assets, the value is no longer quantifiable so as to establish any additional contribution to the production process.

Assets under construction

These are primarily investments underway at the end of the year.

The item is broken down as follows as at 31 December 2021:

(thousands of Euros)	as at 31 December 2021	as at 31 December 2020
Sterilisation centre investments	633	1,096

Laundering facility investments	1,014	1,274
Investments on contracts	1,462	2,131
Total	**3,109**	**4,501**

In the year 2021 the investments recorded among the fixed assets in progress for contracts showed a decrease of Euro 669 thousand, Euro 260 for laundries and Euro 463 for sterilization centres. The decrease in fixed assets in progress referring to contracts is mainly attributable to the start of the Veneto regional tender.

There is no property, plant and equipment under guarantee in favour of third parties.

6.2 Intangible assets

This item changed as follows:

(thousands of Euros)	Trademarks, software, patents and intellectual property rights	Customer contracts portfolio	Other intangible assets	Assets under construction and payments on account	Total
Historical cost	5,728	7,028	-	253	13,009
Accumulated amortisation	(4,577)	(4,457)	-	-	(9,034)
Balance as at 1 January 2020	**1,151**	**2,571**	**-**	**253**	**3,975**
Increases	499	-	547	29	1,075
Decreases	-	-	-	-	-
Amortisation	(600)	(332)	(274)	-	(1,206)
Impairments (reinstatements)		-	-	-	-
Reclassifications	162	-	-	(162)	-
Balance as at 31 December 2020	**1,212**	**2,239**	**273**	**120**	**3,844**
Historical cost	6,160	7,028	547	120	13,855
Accumulated amortisation	(4,948)	(4,789)	(274)	-	(10,011)
Balance as at 31 December 2020	**1,212**	**2,239**	**273**	**120**	**3,844**
Increases	425	-	-	228	653
Decreases	(5)	-	-	-	(5)
Amortisation	(562)	(317)	(273)	-	(1,152)
Impairments (reinstatements)	-	-	-	-	-
Reclassifications	10	-	-	(10)	-
Balance as at 31 December 2021	**1,080**	**1,922**	**-**	**338**	**3,340**
Historical cost	6,585	7,028	547	338	14,498
Accumulated amortisation	(5,505)	(5,106)	(547)	-	(11,158)
Balance as at 31 December 2021	**1,080**	**1,922**	**-**	**338**	**3,340**

The increase in the item "Trademarks, Software and Patents and intellectual property rights" refers to investments in software.

Assets in progress mainly concern the management software being implemented.

6.3 Goodwill

The item in question did not record any changes during the year, as shown below:

(thousands of Euros)	as at 31 December 2020	Increases	Decreases	Impairment	as at 31 December 2021
Goodwill	**44,575**	-	-	-	**44,575**

The impairment test is carried out by comparing the value of goodwill and of the group of assets able to independently produce cash flows (CGU), to which this can be reasonably allocated, with the value in use of the CGU or the value recoverable through the sale of the CGU, whichever is the higher (fair value net of sale costs). In detail, the value in use was determined by applying the "discounted cash flow" method discounting back the operating cash flows emerging from economic-financial projections

relating to a period of five years. The 2022-2026 multi-annual plan, which was used for impairment tests, was previously approved by the Board of Directors of Servizi Italia S.p.A. The underlying hypotheses of the plan used reflect past experience and the information gathered at the time of purchase, and are consistent the external sources of information available.
The terminal value is determined by applying a perpetual growth factor of 1.39% to the operating cash flow relating to the last year of the plan appropriately normalised (IMF, October 2021). The discount rate used, equal to 5.99% (5.79% in the previous year), reflects the current valuations of the market with reference to the current value of money and the specific risks associated with the activities. The discount rate was estimated, after taxes, on a consistent basis with the cash flows being considered, through determination of the weighted average cost of capital (WACC).
A sensitivity analysis was carried out on the recoverability of the book value of goodwill based on changes in the main assumptions that were used to calculate the value in use, also in consideration of the prudent approach used to select the above financial parameters. The analysis has shown that, to make the recoverable value equal to the book value, the following would be necessary: (i) a growth rate of the terminal values of 0.47 percentage points or (ii) a 6.74% increase in the WACC or (iii) an 15.39% annual reduction of the reference EBIT, keeping the other assumptions of the plan unchanged. At this time, it is not reasonable to hypothesise any change in the assumptions made which could lead to the cancellation of the surplus.
It should also be noted that the management has taken into consideration and evaluated in the preparation of the impairment test Consob warning notice no. 8/20 of 16 July 2020 and no. 1/21 of 16 February 2021 on financial reporting and Covid-19 as well as the recommendations provided by ESMA in the public statement "Implications of the COVID-19 outbreak on the half-yearly financial Reports" of 20 May 2020 and "European common enforcement priorities for 2020 annual financial report" of 28 October 2020 as well as OIV discussion paper no. 2/2021, approved on 16 March 2021.
With reference to 31 December 2021 and to the previous years, the impairment test did not reveal impairments in the goodwill recognised.

6.4 Equity-accounted investments

Equity investments in subsidiaries underwent the following changes:

(thousands of Euros)	1 January 2021	Revaluations/(Write-downs)	Increases	Decreases	Change in translation reserve	31 December 2021
S. Martino 2000 S.c.r.l.	6	-	-	-	-	6
Steritek S.p.A.	3,661	337	-	(157)	-	3,841
SRI Empreendimentos e Participacoes Ltda	29,936	711	-	-	308	30,955
Ankateks Turizm Insaat Tekstil Temizleme Sanayi Ve	9,090	(292)	-	(57)	(3,537)	5,204
Wash Service S.r.l.	4,726	11	-	-	-	4,737
Ekolav S.r.l.	1,290	155	-	-	-	1,445
Total	**48,709**	**922**	**-**	**(214)**	**(3,229)**	**46,188**

Equity investments in subsidiaries measured with the equity method, except for consortium S. Martino 2000 S.c.r.l., include implicit goodwill originating at the time of the acquisition, as follows:

- SRI Empreendimentos e Participações Ltda: Euro 6,519 thousand;
- Ankateks Turizm İnşaat Tekstil Temizleme Sanayi ve Ticaret Ltd Şirketi: Euro 4,497 thousand;
- Steritek S.p.A.: Euro 2,121 thousand;

- Wash Service S.r.l.: 3,368 thousand;
- Ekolav S.r.l.: 935 thousand.

When considering that the equity method synthetically reflects the same effects of the consolidation process, the implicit goodwill contained in the book value of the equity investments in subsidiaries is thus equal to that posted in the consolidated financial statements of the Servizi Italia Group and, as such, is subject to the impairment test each year. In detail, the value in use is determined by applying the "discounted cash flow" method, discounting back the operating flows emerging from economic-financial projections relating to a period of five years. The underlying hypotheses of the plans used reflect past experience, and the information gathered at the time of purchase for the Brazilian/Turkish market and are consistent the external sources of information available. The Company has taken into consideration, with reference to the period in question, the expected performance resulting from the business plan set up for the 2022-2026 period.
The terminal value is determined by applying a perpetual growth factor of 1.39% for the Steritek, Wash Service and Ekolav CGUs, 3.06% (IMF, October 2021) for the Brazil CGU and 12.5% (IMF, October 2021) for the Turkey CGU to the operating cash flow relating to the last year of the plan appropriately standardised (these rates are essentially representative on the one hand of the inflation rate expected in Italy, Brazil and Turkey to which the prices of services offered are indexed). The discount rate used to discount back the cash flows of the Steritek, Wash Service and Ekolav CGUs located in Italy is 5.99%, 9.66% for the Brazil CGU and 20.02% for the Turkey CGU. These rates reflect the current valuations of the market with reference to the current value of money and the specific risks associated with the activities. The discount rates have been estimated, after taxes, on a consistent basis with the cash flows considered, by means of the determination of the weighted average cost of the capital (WACC). A list of registered offices, share capital and percentage interest in subsidiaries and the total amount of current and non-current assets, current and non-current liabilities, revenue, costs and results at 31 December 2021 is provided below:

Company name	Registered office	Currency	Share capital	% interest 2021	% interest 2020
San Martino 2000 S.c.r.l.	Genoa	EUR	10	60.0%	60.0%
Steritek S.p.A.	Cremona	EUR	134	70.0%	70.0%
SRI Empreendimentos e Participacoes LTDA	São Paulo (Brazil)	BRL	210,828	100.0%	100.0%
Lavsim Higienização Têxtil S.A. (*)	São Roque, São Paulo (Brazil)	BRL	29,630	100.0%	100.0%
Maxlav Lavanderia Especializada S.A. (*)	Jaguariúna, State of São Paulo (Brazil)	BRL	2,825	100.0%	100.0%
Vida Lavanderias Especializada S.A. (*)	São Roque, São Paulo (Brazil)	BRL	3,600	100.0%	100.0%
Aqualav Serviços De Higienização Ltda(*)	Vila Idalina, Poá, State of São Paulo (Brazil)	BRL	15,400	100.0%	100.0%
Ankateks Turizm İnsaat Tekstil Temizleme Sanayi Ve	Ankara, Turkey	TRY	20,000	55.0%	55.0%
Ergülteks Temizlik Tekstil Ltd. Sti.(**)	Smyrna, Turkey	TRY	1,700	57.5%	57.5%
Wash Service S.r.l.	Castellina di Soragna (Parma, Italy)	EUR	10	90%	90%
Ekolav S.r.l.	Lastra a Signa (Florence)	EUR	100	100%	100%

(*) held through SRI Empreendimentos e Participações Ltda
(**) held through Ankateks Turizm İnşaat Tekstil Temizleme Sanayi ve Ticaret Ltd Şirketi

(thousands of Euros)	Currency	Shareholders' equity	Non-current assets	Current assets	Non-current liabilities	Current liabilities	Revenues	Costs	Profit/ (Loss)
San Martino 2000 S.c.r.l.	EUR	10	1,171	2,598	-	3,759	6,377	(6,377)	-
Steritek S.p.A.	EUR	2,458	308	3,310	455	705	3,360	(2,878)	482

SRI Empreendimentos e Participacoes LTDA	BRL	220,065	203,412	23,182	-	6,528	3,232	(2,701)	531
Lavsim Higienização Têxtil S.A.	BRL	43,375	72,278	16,145	22,966	22,082	65,167	(64,312)	856
Maxlav Lavanderia Especializada S.A.	BRL	6,498	29,532	16,088	21,891	17,232	56,192	(54,667)	1,525
Vida Lavanderias Especializada S.A.	BRL	3,636	6,932	2,173	3,680	1,789	13,178	(12,848)	330
Aqualav Serviços De Higienização Ltda	BRL	12,558	39,323	16,525	31,644	11,646	40,847	(39,513)	1,333
Ankateks Turizm İnsaat Tekstil Temizleme Sanayi Ve	TRY	21,326	48,529	65,041	7,137	85,108	54,542	(57,703)	(3,161)
Ergülteks Temizlik Tekstil Ltd. Sti.	TRY	(1,331)	9,676	17,363	3,639	24,731	21,357	(25,554)	(4,197)
Wash Service S.r.l.	EUR	1,522	2,630	4,319	1,614	3,813	8,324	(8,312)	12
Ekolav S.r.l.	EUR	510	3,970	2,039	2,710	2,789	5,063	(4,909)	155

6.5 Equity investments in associates, joint ventures and other companies

The breakdown of the item was as follows:

(thousands of Euros)	as at 31 December 2021	as at 31 December 2020
Equity investments in associates, joint ventures	25,507	25,803
Equity investments in other companies	3,302	3,015
Total	**28,809**	**28,818**

Following the outcome of the impairment test in relation to the carrying amount of the stake in the joint-control company Shubhram Hospital Solutions Private Limited, a negative difference of Euro 364 thousand was noted. The book value was therefore adjusted by this amount in order to reflect the lesser of carrying amount initial recognised and the recoverable value (value in use). The underlying hypotheses of the plan used in the impairment test reflect past experience and the information gathered at the time of purchase for the Indian market. The Company has taken into consideration, with reference to the period in question, the expected performance resulting from the business plan set up for the 2022-2026 period. The terminal value was determined by applying a perpetual growth factor of 4.05% to the operating cash flow relating to the last year of the plan appropriately normalised. The rate used to discount the cash flows is 10.59% and includes, on a prudent basis, an execution risk of 1.0%, to take into consideration the shifts recorded in the past between final and budget results. These rates reflect the current valuations of the market with reference to the current value of money and the specific risks associated with the activities. The discount rates have been estimated, after taxes, on a consistent basis with the cash flows considered, by means of the determination of the weighted average cost of the capital (WACC).

The increases in this item are mainly due to the share capital increases carried out in favour of the jointly controlled companies SAS for Euro 510 thousand, Shubhram Hospital Solutions Private Limited for Euro 71 thousand and Finanza e Progetti S.p.A. for Euro 210 thousand. The decreases recorded, in addition to the write-down of the book value of the investment in Shubhram Hospital Solutions Private Limited referred to above, refer to the write-down of the book value of the company Stirapp S.r.l. placed in liquidation pursuant to art. 2484 paragraph 6) of the Italian Civil Code on 22 September 2021.

The analyses carried out by management, taking into account the future prospects of these equity investments, the contracts in the portfolio and the nature of the business, did not reveal any further indicators of impairment.

Equity investments in associates and joint ventures underwent the following changes:

(thousands of Euros)	1 January 2021	Increases	Impairments/ Decreases	31 December 2021
Finanza & Progetti S.p.A.	8,530	-	-	8,530
Brixia S.r.l.	3,002	-	-	3,002
Arezzo Servizi S.c.r.l.	5	-	-	5
CO.SE.S S.c.r.l.	-	-	-	-
PSIS S.r.l.	5,000	-	-	5,000
Steril Piemonte S.c.r.l.	2,000	-	-	2,000
AMG S.r.l.	2,033	-	-	2,033
Iniziative Produttive Piemontesi S.r.l.	1,322	38	-	1,360
Piemonte Servizi Sanitari S.c.r.l.	3	-	-	3
Saniservice Sh.p.k.	6	-	-	6
Servizi Sanitari Integrati Marocco S.a.r.l.	89	-	-	89
SAS Sterilizasyon Servisleri A.Ş.	1,317	510	(364)	1,463
Shubhram Hospital Solutions Private Limited	645	71	-	716
Sanitary Cleaning Sh.p.k.	1,300	-	-	1,300
IDSMED Servizi Pte. Limited	-	-	-	-
StirApp S.r.l in liquidation	551	-	(551)	-
Total	**25,803**	**619**	**(915)**	**25,507**

A list of registered offices, share capital and percentage interest in associates and joint ventures and the total amount of current and non-current assets, current and non-current liabilities, revenue, costs and results as at 31 December 2021 is provided below:

Company name	Registered office	Currency	Share capital	% interest 2021	% interest 2020
Arezzo Servizi S.c.r.l.	Arezzo - Italy	EUR	10	50%	50%
PSIS S.r.l.	Padua - Italy	EUR	10,000	50%	50%
Steril Piemonte S.c.r.l.	Turin - Italy	EUR	4,000	50%	50%
AMG S.r.l.	Busca (Cuneo) - Italy	EUR	100	50%	50%
Iniziative 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%(*)	30%(*)
SAS Sterilizasyon Servisleri A.S.	Istanbul - Turkey	TRY	24,467	51%	51%
Shubhram Hospital Solutions Private Ltd.	New Delhi - India	INR	362,219	51%	51%
Finanza & Progetti S.p.A.	Vicenza - Italy	EUR	550	50%	50%
Brixia S.r.l.	Milan – Italy	EUR	10	23%	23%
Saniservice Sh.p.k.	Tirana – Albania	LEK	2,746	30%	30%
Sanitary cleaning Sh.p.k.	Tirana – Albania	LEK	2,799	40%	40%
Servizi Sanitari Integrati Marocco S.a.r.l.	Casablanca - Morocco	MAD	122	51%	51%
StirApp S.r.l in liquidation	Modena – Italy	EUR	208	25%	25%

(thousands of Euros)	Currency	Shareholders' equity	Non-current assets	Current assets	Non-current liabilities	Current liabilities	Revenues	Costs	Profit/ (Loss)
SAS Sterilizasyon Servisleri A.Ş.	TRY	26,786	15,279	17,031	-	5,524	32,684	(31,831)	853
Saniservice Sh.p.k.	LEK	853	1,680,169	407,613	784,415	1,248,871	1,335,144	(1,237,716)	97,428
Shubhram Hospital Solutions Private Limited	INR	(412,711)	862,219	117,691	381,267	1,011,354	369,084	(443,200)	(74,116)
Finanza & Progetti S.p.A.	EUR	22,448	115,976	28,980	1,088	121,420	54,995	(49,726)	5,269
Arezzo Servizi S.c.r.l.	EUR	10	320	1,336	-	1,646	2,304	(2,304)	-
PSIS S.r.l.	EUR	8,111	9,826	4,058	1,694	4,079	8,244	(7,457)	787
Steril Piemonte S.c.r.l.	EUR	3,960	2,232	1,756	-	28	646	(631)	15
AMG S.r.l.	EUR	2,657	1,415	2,670	677	751	3,745	(3,564)	181
Iniziative Produttive Piemontesi S.r.l.	EUR	1,869	634	4,619	484	2,900	5,374	(5,178)	196
Brixia S.r.l.	EUR	64	-	5,484	-	5,420	19,356	(19,340)	16
Servizi Sanitari Integrati Marocco S.a.r.l.	MAD	2,806	500	2,372	-	66	826	(24)	802

Piemonte Servizi Sanitari s.c.r.l.	EUR	10	(24)	1,576	-	2,647	1,389	(1,389)	-
Sanitary Cleaning Sh.p.k.	LEK	92,503	16,323	91,815	2,543	13,092	147,033	(128,142)	18,891
StirApp S.r.l in liquidation	EUR	122	396	174	296	152	174	(527)	(353)

Equity investments in other companies underwent the following changes:

(thousands of Euros)	1 January 2021	Increases	Impairments/ Decreases	31 December 2021
Asolo Hospital Service S.p.A.	66	-	-	66
Prosa S.p.A.	462	-	-	462
PROG.ESTE S.p.A.	1,212	-	-	1,212
Progeni S.p.A.	76	-	-	76
Sesamo S.p.A.	353	-	-	353
Synchron Nuovo San Gerardo S.p.A.	344	-	-	344
Spv Arena Sanità	278	-	-	278
Futura S.r.l.	89	-	-	89
CNS – Consorzio Nazionale Servizi Soc. Coop. a r.l	63	-	-	63
Skopster Doo Skopje	1	287	-	288
Other	71	-	-	71
Total	**3,015**	**287**	**-**	**3,302**

This item includes the increase of Euro 287 thousand relating to the recognition of the *fair value* relating to the equity investment in Skopster Doo Skopje in line with the provisions of the IFRS9 standard.
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. These shareholdings have been valued at purchase or founding cost, since there is no active market for these securities which, for the most part, cannot even be freely transferred to third parties given that they are subject to rules and agreements which in fact prevent free circulation. This valuation method is in any case believed to approximate the fair value of each investment.
The total values of the assets, liabilities, revenues and profit/loss, on the basis of the last set of available financial statements, of the main equity investments in other companies held by the Company are presented below, along with related shareholding held as at 31 December 2021:

(thousands of Euros)	Registered office	Assets	Liabilities	Revenues	Profit/ (Loss)	Interest of equity investment
Asolo Hospital Service S.p.A.	Asolo (Treviso)	85,783	74,944	38,116	3,952	1.00%
Prosa S.p.A.	Carpi (Modena)	7,735	1,896	1,562	738	13.20%
Progeni S.p.A.	Milan	251,627	248,928	45,963	943	0.76%
Sesamo S.p.A.	Carpi (Modena)	35,259	30,872	17,838	1,247	12.17%
Prog.este. S.p.A.	Carpi (Modena)	209,935	206,543	39,584	182	10.14%

6.6 Non-current financial receivables

The item in question changed as follows in 2021:

(thousands of Euros)	as at 31 December 2021	as at 31 December 2020
Psis S.r.l.	158	158
Prog.Este S.p.A.	531	531
Saniservice Sh.p.K.	769	4,000
Summano Sanità S.p.A.	2	2
Futura S.r.l.	-	20
Arena Sanità S.p.A.	244	261
IDSMED Servizi Pte	386	360

Skopster DOO Skopie	-	162
Syncron S.p.A.	169	169
Shubhram Hospital Solutions Private Limited	367	-
Finanza e Progetti S.p.A.	1,120	-
Total	**3,746**	**5,663**

Financial receivables refer to the interest-bearing loans granted to the companies Prog.Este. S.p.A. (rate equal to 7.46%), Summano Sanità S.p.A. (rate equal to 6.25%), Arena Sanità S.p.A. (rate 3.7% plus 6-month Euribor) and Synchron S.p.A. (rate 8%) and Finanza e Progetti S.p.A. (rate 9.0%), with a term equal to the global service agreements for which the companies were established (expiring on 31 December 2031, 30 June 2031, 20 August 2032, 31 July 2044 and 31 December 2032 respectively), as well as the loans granted to investee companies Saniservice Sh.p.K. and Piemonte Servizi Sanitari S.c.r.l. The increase of Euro 367 thousand relates to the subscription of equity financial instruments with the company Shubhram Hospital Solutions Private Limited. It should be noted that, following the definition of a guaranteed minimum price related to the right of sale pertaining to Servizi Italia S.p.A. (as well as the right to purchase pertaining to the majority shareholder) in reference to 5% of the shares held in the company IDSMED Servizi Pte, a fair value of Euro 386 thousand was recorded. The exercise of the right of sale, estimated as highly probable, is expected in December 2023.

6.7 Deferred tax assets

This item changed as follows:

(thousands of Euros)	Leasing contracts	Property, plant and equipment	Employee benefits	Previous tax losses/"ACE" corporate income tax deduction	Other costs with deferred deductibility	Total
Deferred taxes as at 1 January 2020	**123**	**909**	**184**	**1,828**	**875**	**3,919**
Changes recognised in the income statement	102	(291)	(17)	3,332	11	3,137
Changes recognised in other comprehensive income	-	-	54	-	-	54
Deferred taxes as at 31 December 2020	**225**	**618**	**221**	**5,160**	**886**	**7,110**
Changes recognised in the income statement	77	(54)	(65)	345	33	336
Changes recognised in other comprehensive income	-	-	(2)	-	-	(2)
Deferred taxes as at 31 December 2021	**302**	**564**	**154**	**5,505**	**919**	**7,444**

Deferred tax assets referring to property, plant and equipment represent the deferred taxation related to the ordinary process of depreciation of the linen. Prepaid taxes on tax losses derive from the effects of the deductions on the investments in capital goods (known as "hyper/super-amortisation") and the "ACE" corporate income tax deduction and are expected to be recovered given the forecast taxable income in future years.

6.8 Other non-current assets

The item is broken down as follows:

(thousands of Euros)	as at 31 December 2021	as at 31 December 2020
Substitute tax Italian D.L. 185/2008 subsequent years	1,931	2,643
Receivables for IRES reimbursement request pursuant to Art. 2, par.1-quater Italian Decree Law no. 201/2011	-	175
Total	**1,931**	**2,818**

The decrease in the item regards releases to the income statement for goodwill released pursuant to Art. 15 of Italian Decree Law 185/2008, following the mergers by incorporation in prior years. Releases of substitute taxes paid, recognised in the income statement item current taxes, take place during the period of time in which the Company benefits from the tax deduction for the portion of goodwill recognised.

6.9 Inventories

Inventories at year-end primarily included disposable washing products, chemical products, packaging, spare parts and consumables. In the current year, unlike previous years, write-downs were made to the value of inventories equal to Euro 237 thousand in order to adjust the cost value recorded to the presumed realizable value.

6.10 Trade receivables

The item is broken down as follows:

(thousands of Euros)	as at 31 December 2021	as at 31 December 2020
Due from third parties	44,750	43,109
Due from subsidiaries	4,601	7,664
Due from associates and joint ventures	5,257	4,351
Due from parent company	75	97
Receivables from companies under the control of the parent companies	512	79
Total	**55,195**	**55,300**

Trade receivables are shown net of bad debt provisions, equal to Euro 5,692 thousand as at 31 December 2021 and Euro 5,645 thousand as at 31 December 2020.

Trade receivables due from third parties

The item is broken down as follows:

(thousands of Euros)	as at 31 December 2021	as at 31 December 2020
Due from customers	50,442	48,754
Bad debt provision	(5,692)	(5,645)
Total	**44,750**	**43,109**

The Company took part in a number of transactions concerning the transfer of receivables described below:

- trade receivables were assigned without recourse to Credem Factor S.p.A. for a total of Euro 20,284 thousand, in exchange for a consideration equal to Euro 20,242 thousand;
- trade receivables were assigned without recourse to Unicredit Factoring S.p.A. for a total of Euro 42,378 thousand, in exchange for a consideration equal to Euro 42,301 thousand;
- trade receivables were assigned without recourse to Ifitalia S.p.A. for a total of Euro 21,646 thousand, in exchange for a consideration equal to Euro 21,617 thousand;
- trade receivables were assigned without recourse to Emilia Romagna Factor S.p.A. for a total of Euro 2,425 thousand, in exchange for a consideration equal to Euro 2,422 thousand.

Bad debt provisions in 2021 and in 2020 changed as follows:

(thousands of Euros)

Balance as at 1 January 2020	**6,227**
Utilisations	(815)
Adjustments	(186)
Provisions	419
Balance as at 31 December 2020	**5,645**
Utilisations	(137)
Adjustments	(14)
Provisions	198
Balance as at 31 December 2021	**5,692**

Please note that uses refer primarily to default interest previously written down and collected during the 2021 financial year.

Trade receivables due from subsidiaries

Trade receivables as at 31 December 2021 equal to Euro 4,601 thousand mainly included trade receivables from subsidiaries San Martino 2000 S.c.r.l. for Euro 3,251 thousand, SRI Empreendimentos e Participacoes LTDA for Euro 1,060 thousand, Ekolav S.r.l. for Euro 119 thousand and Ankateks Turizm Insaat Tekstil Temislene Sanayi Ve for Euro 112 thousand, Wash Services S.r.l. for Euro 39 thousand and Steritek S.p.A. for Euro 20 thousand.

Trade receivables due from associates, joint ventures and the parent company

The balance as at 31 December 2021 of trade receivables due from associates and jointly controlled companies, equal to Euro 5,257 thousand, consists of trade receivables mainly from the companies Ospedal Grando S.p.A. for Euro 3,497 thousand and Saniservice Sh.p.k. for Euro 1,369 thousand. Furthermore, there is a credit balance due from the parent company Coopservice Soc.Coop. p.A. for Euro 75 thousand and a balance of Euro 512 thousand from companies under the control of parent companies.

6.11 Current tax receivables

The item is broken down as follows:

(thousands of Euros)	as at 31 December 2021	as at 31 December 2020
Current tax receivables	1,763	1,903
Total	**1,763**	**1,903**

This item, at 31 December 2021, mainly includes the IRES credit surplus.

6.12 Current financial receivables

The item in question changed as follows in 2021:

(thousands of Euros)	as at 31 December 2021	as at 31 December 2020
Asolo Hospital Service S.p.A.	253	251
P.S.I.S. S.r.l.	529	3,841
Ekolav S.r.l.	1,130	1,138
Arezzo Servizi S.c.r.l.	402	402
Iniziative Produttive Piemontesi S.r.l.	53	90
Gesteam S.r.l.	312	325
Skopster DOO Skopje	202	-
Saniservice Sh.p.k.	3,372	880
Ankateks Turizm Insaat Tekstil Temizleme Sanayi Ve	268	418

Coopservice Soc. Coop.	481	-
Other	430	670
Total	**7,430**	**8,015**

Financial receivables mainly relate to loans granted to the companies indicated above, which are due within the year or repayable on demand. The decrease compared to 31 December 2020 is mainly due to the partial repayment of the loan by the company PSIS S.r.l.

6.13 Other current assets

The item is broken down as follows:

(thousands of Euros)	as at 31 December 2021	as at 31 December 2020
Due from others	5,426	6,010
Deferred income	1,248	1,166
Guarantee deposits receivable	189	213
Total	**6,863**	**7,389**

Guarantee deposits receivable essentially relate to utilities and rentals. The item Due from others mainly includes the amounts receivable from INPS for welfare support and tax bonus, under Italian Decree Law 66/2014 for Euro 212 thousand and VAT receivables for Euro 4,610 thousand. The remaining balance of amounts Due from others is made up of advances and amounts due from social security and welfare institutions and sundry, all due within 12 months.

6.14 Cash and cash equivalents

The item is broken down as follows:

(thousands of Euros)	as at 31 December 2021	as at 31 December 2020
Bank and postal deposits	750	978
Cheques	-	-
Cash in hand	16	18
Total	**766**	**996**

6.15 Shareholders' equity

Share Capital and reserves

Share capital (fully underwritten and paid up) of Servizi Italia S.p.A. was equal to Euro 31,809,451, represented by 31,809,451 ordinary shares with a par value of Euro 1.00 each.

In 2021, the Company purchased 449,948 treasury shares for Euro 1,004 thousand, equal to 1.41% of the share capital, with an average purchase price of Euro 2.23 per share. Following these transactions, the Company held 2,000,408 treasury shares equal to 6.29% of the share capital as at 31 December 2021. Their nominal amount as at 31 December 2021, of Euro 5,614 thousand, was classified as a decrease to share capital for their nominal value, equal to Euro 2,000 thousand, and the value exceeding the nominal amount, totalling Euro 3,613 thousand, was recognised as a reduction in the share premium reserve.

There was also a negative effect, referred to the financial year, for Euro 3,228 thousand, on the translation reserves for the assets of subsidiaries consolidated with the equity method that prepare their financial statements in foreign currency. The effect is the result of the revaluation of the Brazilian Real (for Euro 308 thousand) and the devaluation of the Turkish Lira (for Euro 3,536 thousand).

Other reserves increased due to the allocation of the 2020 profit of the Company as per the resolution of the shareholders' meeting held on 20 April 2021.

Possibility of use and availability for use of shareholders' equity items

(thousands of Euros)	Amount	Available for use[(1)]	Available portion	Distributable portion
Share capital	29,809	-	-	-
Share premium reserve	49,675	A, B, C	49,675	49,675
Legal reserve	6,617	B	6,617	655
Other reserves	30,775	A, B, C	30,775	29,550
Total share capital and reserves	**116,876**		**87,067**	**79,880**
Profit (loss) for the year	4,812			
Total Shareholders' Equity	**121,688**			

(1) A: for capital increase
B: to hedge losses
C: for distribution to shareholders

Other reserves include Retained earnings for Euro 66,276 thousand and the negative reserve for the conversion of the financial statements in foreign currency of the subsidiaries measured with the equity method for Euro 35,501 thousand. Retained earnings include the reserve for equity-accounted investments for Euro 3,836 thousand. Pursuant Art. 2426, Par. 1(4), Italian Civil Code, these cannot be distributed until the realisation. This reserve refers for Euro 1,694 thousand to the reinstatement of the equity investment in Ankateks Turizm Insaat Tekstil Temizleme Sanayi Ve, fully offset by the negative value of the translation reserve (Euro 14,199 thousand), in SRI Empreendimentos e Participacoes LTDA for Euro 916 fully offset by the negative value of the conversion reserve (Euro 21,302 thousand), for Euro 556 thousand to the reinstatement of the equity investment in Steritek S.p.A. rand for Euro 669 to the revaluation of the equity investment due to the effect of the step up of Ekolav S.r.l. Due to the distribution of dividends in 2021 of Euro 56 thousand by Ankateks Turizm Insaat Tekstil Temizleme Sanayi Ve and of Euro 157 thousand by Steritek S.p.A., the reserve for equity-accounted investments can now be distributed for a corresponding amount.

6.16 Due to banks and other lenders

The item is broken down as follows:

(thousands of Euros)	as at 31 December 2021			as at 31 December 2020		
	Current	Non-current	Total	Current	Non-current	Total
Bank borrowing	64,323	30,425	94,748	72,607	24,685	97,292
Payables due to other lenders	2,686	24,085	26,771	2,583	26,172	28,755
Total	**67,009**	**54,510**	**121,519**	**75,190**	**50,857**	**126,047**

Bank borrowing

The portion of the payable falling due within 12 months relating to the item Due to banks as at 31 December 2021 presents a decrease with respect to 31 December 2020 of Euro 8,284 thousand. This decrease was primarily caused by lower recourse to self-liquidating credit lines.
The portion of the payable falling due beyond 12 months related to the item Due to banks as at 31 December 2021 increased with respect to 31 December 2020 by Euro 5,740 thousand. This increase is related to the reclassification to short-term of the mortgage instalments due within the subsequent 12 months and the opening of new unsecured mortgages with Cassa Depositi e Prestiti S.p.A. for Euro 15,000 thousand (residual borrowing due after 12 months equal to Euro 7,500 thousand), Banco BPM

S.p.A. for Euro 10,000 thousand (residual borrowing due after 12 months equal to Euro 5,333 thousand), Credit Agricole S.p.A. for Euro 5,000 thousand (residual borrowing due after 12 months equal to Euro 3,137 thousand) and BPER Banca S.p.A. for Euro 10,000 thousand (residual borrowing due after 12 months equal to Euro 6,697 thousand), aimed at maintaining a proper balance between short and medium-term borrowing.

Financial covenants

Some loans envisage respect of certain financial indicators (covenants) to maintain the benefit of the term, summarised below by bank counterpart:

	NFP/Shareholders' equity	NFP/EBITDA
Unicredit	< 2.0	< 3.0
Banco BPM	< 2.0	< 2.0
Banco BPM	< 2.0	< 3.0
Banca Crédit Agricole Cariparma	< 1.8	< 2.8
Banca Crédit Agricole Cariparma	< 2.0	< 3.0
BPER Banca	< 1.5	< 2.75
Cassa Depositi e Prestiti	< 2.0	< 3.0
Banca Monte dei Paschi di Siena	< 2.0	< 3.0

Note that the Net Financial Position (NFP) and EBITDA envisaged by the loan agreements represent alternative performance indicators not defined by the reference accounting standards and may therefore differ from the similar figures defined by management of Servizi Italia and reported in the financial disclosures. As at 31 December 2021, all covenants had been met.

Amounts due to banks are shown below by maturity:

(thousands of Euros)	as at 31 December 2021	as at 31 December 2020
Maturity less than or equal to 6 months	49,745	61,484
Maturity between 6 and 12 months	14,578	11,123
Maturity between 1 and 5 years	30,425	24,685
More than 5 years	-	-
Total	**94,748**	**97,292**

Non-current amounts due to banks are broken down by maturity as follows:

(thousands of Euros)	as at 31 December 2021	as at 31 December 2020
1 to 2 years	19,441	16,927
Maturity between 2 and 5 years	10,984	7,758
More than 5 years	0	-
Total	**30,425**	**24,685**

The average effective interest rates as at 31 December 2021 were as follows:

	as at 31 December 2021	as at 31 December 2020
Advances on invoices	0.36%	0.36%
Bank loan	0.69%	0.73%

Payables due to other lenders

Payables to other lenders are broken down by maturity below:

(thousands of Euros)	as at 31 December 2021	as at 31 December 2020
Maturity less than or equal to 6 months	1,832	1,784
Maturity between 6 and 12 months	852	799
Maturity between 1 and 5 years	9,517	9,539

More than 5 years	14,568	16,633
Total	**26,769**	**28,755**

6.17 Deferred tax liabilities

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

(thousands of Euros)	Property, plant and equipment	Goodwill	Equity investments	Total
Deferred tax liabilities as at 1 January 2020	**298**	**1,595**	**-**	**1,893**
Changes recognised in the income statement	(8)	52	89	133
Changes recognised in other comprehensive income	-	-	-	-
Deferred tax liabilities as at 31 December 2020	**290**	**1,647**	**89**	**2,026**
Changes recognised in the income statement	(264)	38	(78)	(304)
Changes recognised in other comprehensive income	-	-	-	-
Deferred tax liabilities as at 31 December 2021	**26**	**1,685**	**11**	**1,722**

6.18 Employee benefits

This item changed as follows:

(thousands of Euros)	2021	2020
Opening balance	**8,383**	**9,167**
Incorporations	-	-
Provision	150	5
Financial expenses	(2)	31
Actuarial (gains)/losses	(9)	229
Transfers (to)/from other provisions	(6)	-
(Payments)	(872)	(1,049)
Reclassifications	-	-
Closing balance	**7,644**	**8,383**

The item mainly includes the Provision for Employee Severance Indemnity recognised to the employees of the Company and identified as a defined benefit plan. Employee benefits were reclassified under current liabilities for Euro 719 thousand for the portion of the employee severance indemnity accrued as at 31 December 2021 to employees of the Ariccia production site.

Financial hypotheses adopted

The valuation techniques were carried out on the basis of the hypotheses described by the following table:

	2021	2020
Technical annual discounting back rate	0.44%	-0.02%
Annual inflation rate	1.20%	1.00%
Annual growth rate of the severance indemnity	2.40%	2.25%

With regard to the discount rate, the iBoxx Eurozone Corporates AA 7 - 10 index as of the valuation date was taken as reference for the valuation of this parameter. The duration of the liability is 8 years.

Demographic hypotheses adopted

- With regard to the probabilities of demise, those established by the State General Accounting Office, known as RG48, differentiated by gender;

- for the probabilities of disability those, differentiated by gender, adopted in the INPS model for the projections through 2010. These probabilities have been created starting from the distribution by age and gender of the pensions in force as at 1 January 1987 as from 1984, 1985 and 1986 relating to lending industry personnel;
- with regard to the retirement period for the active generic the achievement of the first of the pension requirements valid for Mandatory General Insurance was assumed;
- for the probabilities of leaving employment for reasons other than death, annual frequencies of 7.50% have been considered
- with regard to the probability of advance, a year-by-year value of 3.00% was assumed.

Further to the supplementary welfare reform as per Italian Legislative Decree no. 252 dated 5 December 2005, for employees who have decided to allocate the indemnity as from 1 January 2007 to the INPS Treasury Fund, the advances as per Article 2120 of the Italian Civil Code are calculated on the entire value of the severance indemnity accrued by the worker. These advances are disbursed by the employer within the limits of the capacity of the amounts accrued by virtue of the provisions made up until 31 December 2006. If the amount of the advance is not covered by the amount accrued care of the employer, the difference is disbursed by the Treasury Fund set up care of INPS.
With regard to the matters set forth above, solely for employees who have complied with the Treasury Fund and who have not requested advances on the indemnity, corrections have been made in the actuarial valuations increasing the requested percentage to be applied to the Fund accrued as at 31 December 2006 and revalued until the calculation date.

Sensitivity analysis

In accordance with the matters required by the reviewed version of IAS 19, sensitivity analysis is presented below in line with the change in the main actuarial hypotheses included in the calculation model.

(thousands of Euros)	Discount rate		Inflation rate		Duration	
	+0.50%	**-0.50%**	**+0.25%**	**-0.25%**	**+1 year**	**-1 year**
Change in liabilities	-242	+256	+136	+136	+126	-96

6.19 Provisions for risks and charges

The following changes were reported for the item in question:

(thousands of Euros)	as at 31 December 2021	as at 31 December 2020
Opening balance	**2,502**	**2,568**
Provisions	1,444	1,387
Payments/resolutions	(1,661)	(1,453)
Other changes	-	-
Closing balance	**2,285**	**2,502**

The provision for risks went from Euro 2,502 thousand as at 31 December 2020 to Euro 2,285 thousand as at 31 December 2021. There are provisions for Euro 958 thousand mainly related to the estimated charges relating to the *restructuring* transaction relating to the cessation of production at the Ariccia (Rome) plant. The charges relate to disposal costs and costs for redundancy incentives and contributions on layoffs. Full absorption of the fund is expected in the next 12 months. It should also be noted that the portion of post-employment benefits corresponding to the perimeter of employees pertaining to the *restructuring* project was also classified under current liabilities.

A provision of Euro 350 thousand and a use of Euro 1,053 thousand were recorded, net of financial charges for the financial year related to the discounting back of estimated losses of Euro 91 thousand, representing the outcome of estimates made on onerous contracts.
As commented with regard to the impairment test on goodwill, the multi-annual plan and the future expected trend indicate large cash flows compared to the net assets recognised in the financial statements and, in accordance with such forecasts, no write-downs of goodwill or other fixed assets were made. Nevertheless, while considering the forecasts of a largely positive overall operating margin in the foreseeable future, the analysis highlighted that in the current market scenario, the cumulative margins up to the date of expiry of certain wash-hire contracts is negative, and such contracts are therefore classified as "onerous contracts" pursuant to IAS 37. Therefore, after having assessed the effects of positive sales and cost recovery measures that could mitigate such losses, in some cases fully absorb them, an allocation was made for the best estimate of present value of inevitable future liabilities connected to said contracts. This provision will be released to the income statement in the future years in which the expected negative margins occur, thereby offsetting the impact on the Company's profitability. Based on the projections made to estimate the provision, and according to the average terms of the contracts examined, use of Euro 567 thousand of the amount allocated is envisaged in 2022, consequently reclassified to current liabilities, with full use of the provisions expected within 2025.
The provision was fully used for Euro 588 thousand relating to costs to be incurred for the dismantling, restoration and scrapping of the set of assets referring to the Podenzano plant and the estimated settlement costs referring to employees, due to the planned cessation of activities at the production site.
In addition to the above, it should be noted that, with regard to what has already been indicated in the paragraph "Information on proceedings in progress", having carried out the appropriate assessments with the support of its legal consultants, the Company has decided not to make any provisions in the financial statements for the cases in question.

6.20 Other non-current financial liabilities

The item is broken down as follows:

(thousands of Euros)	as at 31 December 2021	as at 31 December 2020
Payables to Area S.r.l.	-	200
Payables to Wash Service S.r.l. shareholders	-	496
Total	**-**	**696**

The change refers to the residual payable from acquisition of the interest of Brixia S.r.l. from Area S.r.l. and the payable to minority shareholders of Wash Service S.r.l. for the acquisition in 2019, both classified under current financial liabilities.

6.21 Trade payables

The item is broken down as follows:

(thousands of Euros)	as at 31 December 2021	as at 31 December 2020
Due to suppliers	62,615	63,950
Payables to subsidiaries	3,005	6,642
Due to associates and joint ventures	1,843	2,303
Due to parent company	4,697	3,853
Payables to companies under the control of the parent companies	208	92
Total	**72,368**	**76,840**

Due to suppliers

The balance as at 31 December 2021 refers entirely to trade payables due within 12 months. The decrease is mainly attributable to higher payments made to suppliers in the year 2021.

Payables to subsidiaries

The balance as at 31 December 2021 includes trade payables due within 12 months to the subsidiaries San Martino 2000 S.c.r.l. for Euro 1,288 thousand, Ekolav S.r.l. for Euro 1,048, Steritek S.p.A. for Euro 434 thousand and Wash Services S.r.l. for Euro 235 thousand.

Due to associates and joint ventures

The balance as at 31 December 2021 is composed mainly of trade payables due to the companies AMG S.r.l. for Euro 616 thousand, Arezzo Servizi S.c.r.l. for Euro 599 thousand and Piemonte Servizi Sanitari S.c.r.l. for Euro 383 thousand and Iniziative Produttive Piemontesi S.r.l. for Euro 228 thousand.

Due to parent company

Trade payables due to the parent company Coopservice S.Coop.p.A. amount to Euro 4,697 thousand.

Payables to companies under the control of the parent companies

The main trade payables to companies under the control of the parent company Coopservice S.Coop.p.A. refer for Euro 208 thousand to Archimede S.p.A.

6.22 Current tax payables

(thousands of Euros)	as at 31 December 2021	as at 31 December 2020
Current tax payables	195	-
Total	**195**	**-**

The balance at 31 December 2021 of current tax payables is Euro 195, attributable to the IRAP payable for the period.

6.23 Other current financial liabilities

The item is broken down as follows:

(thousands of Euros)	as at 31 December 2021	as at 31 December 2020
Payables to Area S.r.l.	200	-
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	399	502
Total	**599**	**3,272**

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. purchased in 2019 and to the reclassification of the last price *tranche* relating to the purchase 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 wash-hire sector for private structures.

6.24 Other current payables

The table below provides a breakdown of other current liabilities:

(thousands of Euros)	as at 31 December 2021	as at 31 December 2020
Deferred income and accrued expenses	162	188
Payables due to social security and welfare institutions	4,551	4,618
Other payables	11,297	10,294
Total	**16,010**	**15,100**

Payables due to social security and welfare institutions

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

Other payables

The item is broken down as follows:

(thousands of Euros)	as at 31 December 2021	as at 31 December 2020
Due to employees	8,489	7,207
Employee/professional IRPEF (personal income tax) payable	2,547	2,428
Other payables	261	659
Total	**11,297**	**10,294**

6.25 Financial guarantee contracts

The table below provides the details of the guarantees given by the Company as at 31 December 2021 and 31 December 2020:

(thousands of Euros)	as at 31 December 2021	as at 31 December 2020
Guarantees issued by banks and insurance companies for tenders	73,312	73,644
Guarantees issued by banks and insurance companies for lease agreements and utilities	159	667
Guarantees issued by banks and insurance companies in favour of third parties	48,588	43,392
Owned assets held by third parties	183	49
Pledge on Asolo Hospital Service S.p.A. shares given as loan guarantee	66	66
Pledge on Sesamo S.p.A. shares given as loan guarantee	237	237
Pledge on Prog.Este S.p.A. shares given as loan guarantee	1,212	1,212
Pledge on Progeni S.p.A. shares given as loan guarantee	76	76
Pledge on Futura S.r.l. stake given as loan guarantee	89	89
Pledge on shares of Synchron Nuovo S.Gerardo	344	344
Pledge on Summano Sanità shares given as loan guarantee	10	-
Total	**124,276**	**119,776**

The guarantees issued and the other commitments refer to:

- Guarantees issued by banks and insurance companies for tenders: these were issued on behalf of the company 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 the project financing and guarantees issued in favour of PSIS S.r.l., Steril Piemonte S.c.r.l., I.P.P. S.r.l., Ekolav S.r.l., Saniservice Sh.p.k. and Shubhram Hospital Solutions Private Limited to back loan agreements.

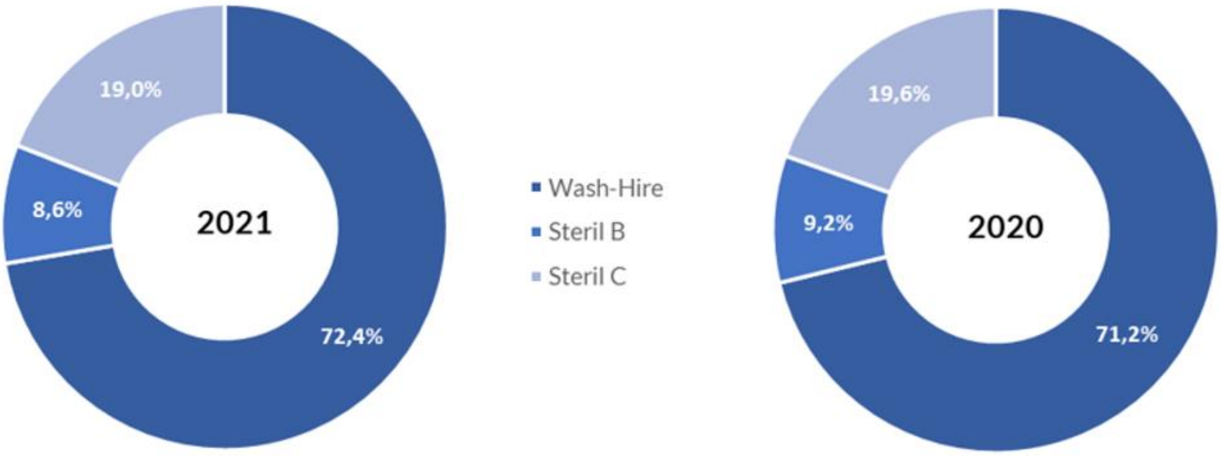
- Pledge on shares/units of Asolo Hospital Service, Sesamo, Progeni, Prog.Este, Futura, Synchron Nuovo S. Gerardo and Summano Sanità to back the loans granted to project companies: this pledge was granted to the banks providing the project financing on the shares representing the company's interest in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

7 Income statement

7.1 Revenues from sales

The revenue from sales and services of Servizi Italia Group is shown below, divided by business line, as at 31 December 2021 and 31 December 2021, showed the following data and changes:

(thousands of Euros)	Year ended as at 31 December	
	2021	**2020**
Wash-hire	153,228	139,219
Steril B (Linen Sterilisation)	18,222	18,027
Steril C (Surgical Instruments Sterilisation)	40,305	38,328
Sales revenues	**211,755**	**195,574**



Revenues from wash-hire services (which in absolute terms represent 72.4% of total revenues) go from Euro 139,219 thousand in 2020 to Euro 153,228 thousand in 2021. The growth in revenues compared to the previous year, which amounted to 10.1%, is mainly linked to the new tenders in the north-east area, only partially mitigated by the decline in volumes and prices of certain contracts and by the decline that occurred. in the hotel and restaurant sector in the first part of the year. There are also revenues of Euro 842 thousand relating to Covid support measures, obtained following ANAC resolution no. 540 of 1 July 2020.

Revenues from linen sterilization services (steril B) (which in absolute terms represent 8.6% of total revenues) go from Euro 18,027 thousand in 2020 to Euro 18,222 thousand in 2021, with an increase of 1.1% due to an increase in the fabric sterilization service in relation to new tenders in the north-east area, only partially offset by the negative effect of lower TNT supplies compared to the previous year.

Revenues from surgical instrument sterilization services (steril C) (which in absolute terms represent 19.0% of total revenues) go from Euro 38,328 thousand in 2020 to Euro 40,305 thousand in 2021, mainly following the award of new orders in the north-east area, as well as the resumption of surgical interventions compared to the previous year.

7.2 Other income

Other income went from Euro 6,129 thousand as at 31 December 2020 to Euro 9,143 thousand as at 31 December 2021, as indicated below:

(thousands of Euros)	Year ended as at 31 December	
	2021	**2020**
Rental income	378	200
Capital gains from asset sale	2486	696
Recovery costs pertaining to third parties	1,283	1,381
ATI income	1,789	1,561
Non-recurring income	521	360
Recovered costs and sundry income	2,686	1,931
Sales revenues	**9,143**	**6,129**

The item recorded an increase deriving mainly from the realised capital gain for Euro 1,527 thousand following the sale of the workwear business unit on 26 February 2021, as well as the increase in recovered costs and sundry income as well as the realization of capital gains deriving from the sale of capital goods.
Pursuant to Art. 1, paragraphs 125 to 129, of Law no. 124 of 4 August 2017, relating to the obligations of publication of grants, contributions, paid positions and in any case economic advantages of any nature received from public administrations, note that the disbursing Bodies are required to publish contributions on the National Register of government aid, accessible at: www.rna.gov.it/sites/PortaleRNA/it_IT/trasparenza on government aid and *aiuti de minimis*. Contributions received by the Company are listed in the aforementioned Register.

7.3 Raw materials and consumables

The consumption of raw materials, equal to Euro 22,458 thousand, decreased compared to the previous year (Euro 22,728 thousand in 2020), mainly as a result of lower purchases and consumption of disposables and personal protection equipment requested by customers and supplied to employees. The decrease in this item, in fact, completely offsets the organic increase in purchases and consumption of other products and materials (such as, for example, washing and packaging products) following the higher volumes processed in 2021 compared to the previous year. Finally, please note the recognition of a write-down of Euro 237 thousand of certain inventories.

7.4 Costs for services

The item is broken down as follows:

(thousands of Euros)	Year ended as at 31 December	
	2021	**2020**
External laundering and other industrial services	27,917	22,799
Travel and transport	12,516	11,708
Utilities	11,561	9,380
Administrative costs	2,282	2,587
Consortium and sales costs	9,793	11,091
Personnel expense	1,087	1,007
Maintenance	6,930	6,529
Use of third-party assets	2,546	2,208
Other services	821	880
Total	**75,453**	**68,189**

The item Costs for services was up by 10.7% with respect to the previous year, with an incidence on turnover of 0.8 percentage points.
The item External services for laundries and other industrial services amounted to Euro 27,917 thousand in 2021, an increase of 22.4% compared to the previous year, deriving from a changed logistical and production structure aimed at managing the laundry and cloakroom services connected to the new tenders launched in the north-east area.
Travel and transport costs increased by Euro 808 thousand, mainly due to the higher transport costs incurred in the aforementioned new tenders launched in the north-east area.
There was a significant increase in utility costs (+23.3% compared to the previous year), which went from Euro 9,380 thousand in 2020 to Euro 11,561 thousand in 2021, as a combined effect of both the increase in volumes processed compared to previous year, and the increase in energy costs in the last quarter of 2021.
Consortium and commercial costs recorded a decrease of Euro 1,298 thousand compared to the previous year, mainly attributable to the termination of some contracts with which the Company participated in on the basis of a temporary business association.
The item Administrative costs recorded a decrease of Euro 305 thousand, mainly due to the lower costs recorded during the year following legal consultancy for administrative appeals and disputes.
Please note that costs for the use of third-party assets recognised as at 31 December 2021 and not subject to application of IFRS 16 predominantly regard rentals of pressure-relieving mattresses, royalties and software licences, electronic machinery and rentals of other assets with duration of less than 12 months, or low value assets.

7.5 Personnel expense

The item is broken down as follows:

(thousands of Euros)	Year ended as at 31 December	
	2021	**2020**
Costs for directors' fees	612	556
Salaries and wages	48,221	45,641
Temporary work	2,577	1,145
Social security charges	15,691	15,320
Employee severance indemnity	3,255	3,265
Other costs	224	232
Total	**70,580**	**66,159**

The item Personnel costs went from Euro 66,159 thousand as at 31 December 2020 to Euro 70,580 thousand as at 31 December 2021, recording an increase of Euro 4,421 thousand.

Specifically, the increase is attributable both to an increase in costs relating to the item Wages and salaries, directly proportional to the growth in volumes recorded in the year, as well as a lower recourse to social safety nets (Wages Guarantee Fund) used during 2021, and to an increase relating to the item Temporary work, mainly attributable to the start of tenders for the Veneto Region and Friuli-Venezia Giulia.

The item in question also includes total costs of Euro 632 thousand for the 2021 financial year, connected to the variable remuneration policy for the year, not recognized in 2020.

In addition, a provision for risks and charges of Euro 866 thousand was recorded during the year relating to the restructuring process of the production site in Ariccia (Rome).
The table below shows the average composition of workforce:

	Average number of employees	
	2021	**2020**
Executives	12	12
Middle managers	28	33
White-collar staff	170	172
Blue-collar staff	1,697	1,725
Total	**1,907**	**1,942**

7.6 Other costs

The item is broken down as follows:

(thousands of Euros)	Year ended as at 31 December	
	2021	**2020**
Tax-related expense	155	204
Contingent liabilities	34	62
Membership fees	156	220
Gifts to customers and employees	131	112
Other	505	830
Total	**981**	**1,428**

The item Other costs decreased by Euro 447 thousand compared to the previous year, mainly as a result of lower costs for damages to third parties and lower costs for penalties to be paid to third parties.

7.7 Depreciation/amortisation, impairment and provisions

The item is broken down as follows:

(thousands of Euros)	Year ended as at 31 December	
	2021	**2020**
Amortisation of intangible assets	1,152	1,206
Depreciation of property, plant and equipment	43,341	41,426
Impairment and provisions	183	321
Provision for risks	285	601
Total	**44,961**	**43,554**

The item Amortization, depreciation and write-downs recorded an increase compared to the same period of the previous year of Euro 1,407 thousand, from Euro 43,554 thousand as at 31 December 2020 to Euro 44,961 thousand as at 31 December 2021. It should be noted that the effect is mainly attributable to the increase in depreciation of property, plant and equipment for Euro 1,915 thousand following the investments made. Under the item "provision for risks", the provision recorded in relation to onerous contracts in the 2021 financial year equal to Euro 350 thousand (Euro 458 thousand in the 2020 financial year) and the release for non-use of Euro 65 thousand relating to the closure of the plant of Podenzano.

7.8 *Financial income*

The item is broken down as follows:

(thousands of Euros)	**Year ended as at 31 December**	
	2021	**2020**
Bank interest income	-	-
Default interest	166	574
Interest income on loans to third-party companies	477	595
Net exchange rate earnings	-	-
Other financial income	90	519
Total	**733**	**1,688**

Default interest accrues as a result of the delays in payment by some private customers. The decrease in default interest compared to 2020 is mainly due to the improvement in the average days of collection of trade receivables. Interest income on loans to third companies was basically in line with the financial receivables against which it accrues. In the 2020 financial year, the item other financial income mainly includes the recognition of the equity instrument in IdsMed Ltd.

7.9 *Financial expenses*

The item is broken down as follows:

(thousands of Euros)	**Year ended as at 31 December**	
	2021	**2020**
Interest expense and bank fees	687	629
Interest expense for leasing	1,539	1,634
Interest and expense to other lenders	162	211
Financial expense on employee benefits	-	31
Net exchange rate losses	224	174
Other financial expenses	92	645
Total	**2,704**	**3,324**

The item Financial expenses goes from Euro 3,324 thousand to Euro 2,704 thousand and records a decrease of Euro 620 thousand. The decrease is mainly due to the recognition of the capital loss of Euro 322 thousand deriving from the sale of an investment in IdsMed Serviziplus PTE LTD in 2020. Losses on exchange rates regard the currency adjustment on the loan to Ankateks Turizm İnşaat Tekstil Temizleme Sanayi ve Ticaret Ltd Şirketi, expressed in Turkish Lira.

7.10 *Income and expense from equity investments*

The item includes dividends collected in 2021 from associates and other companies for Euro 428 thousand. More specifically, Euro 132 thousand were collected from Prosa S.p.A., Euro 110 thousand from Summano Sanità S.p.A., Euro 95 thousand from the joint venture AMG S.r.l., Euro 35 thousand from Arena Sanità S.p.A., Euro 32 thousand from Asolo Hospital Service S.p.A. and Euro 24 thousand from other companies.

7.11 *Income taxes*

The item is broken down as follows:

(thousands of Euros)	**Year ended as at 31 December**	
	2021	**2020**
Current taxes	1,088	750

Deferred tax liabilities/(assets)	(640)	(3,003)
Total	**448**	**(2,253)**

The incidence of taxes on the pre-tax result (+32.7% in 2021) is reconciled with the theoretical rate in the table below:

(thousands of Euros)	Year ended as at 31 December	
	2021	**2020**
IRES (company earnings tax) reconciliation		
Profit before tax from Income statement	5,260	333
Theoretical taxes (24%)	**1,262**	**80**
Tax effects of the permanent differences:		
on increases	1,973	2,090
on decreases	(2,602)	(7,882)
foreign taxes	-	-
substitute taxes	750	750
Total effective IRES taxes	**1,383**	**(4,962)**
IRAP (regional business tax)	339	-
Total effective taxes	**1,722**	**(4,962)**

8 Transactions with group companies and related parties

The transactions of Servizi Italia S.p.A. 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 basically a set of combined operations of a homogeneous nature carried out starting from the beginning of the reference year, and are qualifiable individually as being of greater importance, not even their combination in the year of reference. The amount exposed in the financial statements, in the reference year, was generated by the renewal of existing contracts or contracts stipulated in the year.
Income statement, statement of financial position and financial transactions with related companies in 2021 are presented below:

(thousands of Euros)	31-Dec-20								
Economic transactions	**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**	**Income from equity investments**
Coopservice S.Coop.p.A. (parent company)	35	74	13,613	-	-	8	-	-	-
Consorzio San Martino 2000 S.c.r.l. (subsidiary)	2,971	850	3,809	-	-	-	-	-	-
Steritek S.p.A. (subsidiary)	-	69	337	-	-	-	-	-	-
Ankateks Turizm İnsaat Tekstil Temizleme Sanayi VE (subsidiary)	-	-	-	-	-	-	26	-	-
SRI Empreendimentos e Participacoes LTDA (subsidiary)	-	-	-	-	-	-	-	-	-
Ekolav S.rl. (subsidiary)	62	26	2,790	-	37	-	8	-	-
Wash Service S.r.l. (subsidiary)	-	65	488	-	-	-	-	-	-
Aurum S.p.A. (parent company)	-	-	-	-	-	-	-	-	-
Arezzo Servizi S.c.r.l. (joint control)	1	12	1,051	-	-	-	2	-	-
Psis S.r.l. (joint control)	144	118	1	-	17	-	29	-	-
Amg S.r.l. (joint control)	-	28	511	-	-	-	-	-	95
Steril Piemonte S.c.r.l. (joint control)	-	-	53	-	-	-	-	-	-
Piemonte Servizi Sanitari S.c.r.l. (associate)	-	112	416	-	-	-	-	-	-
Iniziative Produttive Piemontesi S.r.l. (associate)	-	53	388	-	-	-	-	-	-
SAS Sterilizasyon Servisleri A.Ş. (joint control)	-	-	-	-	-	-	-	-	-
Shubhram Hospital Solutions Private Limited (joint control)	-	-	-	-	-	-	15	-	-
Sanitary cleaning Sh.p.k. (joint control)	-	-	-	-	-	-	-	-	-
Saniservice Sh.p.k. (joint control)	163	120	-	-	-	-	379	-	-
Servizi Sanitari Integrati Marocco S.a.r.l. (joint control)	-	-	-	-	-	-	-	-	-
Finanza & Progetti S.p.A. (joint control)	-	49	-	-	-	-	39	-	-
Brixia S.r.l. (associate)	3,402	-	37	-	-	-	-	-	-
Focus S.p.A. (affiliated)	-	-	2,824	-	-	14	-	1,413	-
Archimede S.p.A. (affiliated)	-	-	12	1,061	-	-	-	-	-
New Fleur S.r.l. (affiliated)	14	224	616	-	-	-	-	-	-
Ospedal Grando S.p.A. (related party)	8,630	-	182	-	-	52	-	-	-
Total	**15,422**	**1,800**	**27,128**	**1,061**	**54**	**74**	**498**	**1,413**	**95**

(thousands of Euros)	31-Dec-20					
Statement of financial position	**Amount of trade receivables**	**Amount of trade payables**	**Amount of financial receivables**	**Value of rights of use**	**Amount of financial payables**	**Amount of other liabilities**
Coopservice S.Coop.p.A. (parent company)	75	4,697	481	-	-	-
Consorzio San Martino 2000 S.c.r.l. (subsidiary)	3,251	1,288	-	-	-	-
Steritek S.p.A. (subsidiary)	20	433	-	-	-	-
Ankateks Turizm İnsaat Tekstil Temizleme Sanayi VE (subsidiary)	112	-	268	-	-	-
SRI Empreendimentos e Participacoes LTDA (subsidiary)	990	-	-	-	-	-
Ekolav S.rl. (subsidiary)	119	1,048	1,130	-	-	-
Wash Service S.r.l. (subsidiary)	39	236	-	-	-	-
Aurum S.p.A. (parent company)	-	-	-	-	-	-
Arezzo Servizi S.c.r.l. (joint control)	9	599	402	-	-	-
Psis S.r.l. (joint control)	108	18	529	-	-	-
Amg S.r.l. (joint control)	30	616	-	-	-	-
Steril Piemonte S.c.r.l. (joint control)	-	-	-	-	-	-
Piemonte Servizi Sanitari S.c.r.l. (associate)	67	383	158	-	-	-
Iniziative Produttive Piemontesi S.r.l. (associate)	-	228	53	-	-	-
SAS Sterilizasyon Servisleri A.Ş. (joint control)	-	-	-	-	-	-
Shubhram Hospital Solutions Private Limited (joint control)	-	-	383	-	-	-
Sanitary cleaning Sh.p.k. (joint control)	-	-	-	-	-	-
Saniservice Sh.p.k. (joint control)	2,235	-	4,141	-	-	-
Servizi Sanitari Integrati Marocco S.a.r.l. (joint control)	-	-	-	-	-	-
Finanza & Progetti S.p.A. (joint control)	330	-	1,159	-	-	-
Brixia S.r.l. (associate)	(10)	-	-	-	-	-
Focus S.p.A. (affiliated)	-	-	-	20,553	22,113	-
Archimede S.p.A. (affiliated)	-	208	-	-	-	-
New Fleur S.r.l. (affiliated)	489	27	-	-	-	-
Ospedal Grando S.p.A. (related party)	3,497	227	-	-	-	-
Total	**11,361**	**10,008**	**8,704**	**20,553**	**22,113**	**-**

Aside from the figures shown above, as at 31 December 2021, transactions with related parties included directors' fees for Euro 660 thousand and executive personnel expense for Euro 2,630 thousand. As at 31 December 2020, director fees were equal to Euro 597 thousand and executive personnel expense Euro 2,131 thousand.
The main economic and financial relations with related companies in 2021 were the following:

Coopservice S.Coop.p.A.
Revenues from sales and the associated trade receivables as at 31 December 2021 refer primarily to linen and textile washing services within the cleaning activities provided to the parent company.
Servizi Italia S.p.A. purchases from the parent company: (i) road-based transport services for textiles and/or surgical instruments; (ii) management services for linen storage facilities located at the customers (iii) use of third party staff; (iv) technical cleaning services carried out at some production/operating sites of Servizi Italia and surveillance/security services provided to some facilities, through night patrols and alarm-based interventions.

Consorzio San Martino 2000 S.c.r.l.
As at 31 December 2021, revenues from the sale of goods and services and related trade receivables due from Consorzio San Martino 2000 S.c.r.l. represented services provided by Servizi Italia S.p.A. in relation to the outstanding contract with IRCCS Az. San Martino University Hospital in Genoa. By contrast, purchase costs and the related trade payables regard the charge-back of costs incurred by the Consortium, which are divided amongst the shareholders on the basis of their shareholdings.

Steritek S.p.A.
As at 31 December 2021, the costs and trade payables due in relation to the subsidiary Steritek S.p.A. were related to validation services for the sterilisation centres.

Ankateks Turizm İnsaat Tekstil Temizleme Sanayi VE
At 31 December 2021, financial income referred to interest income accrued and not yet paid by the company Ankateks Turizm İnşaat Tekstil Temizleme Sanayi ve Ticaret Ltd Şirketi for the loan granted to the subsidiary for Euro 268 thousand.

SRI Empreendimentos e Participaçoes L.t.d.a.
As at 31 December 2021, trade receivables from SRI Empreendimentos e Participacoes Ltda were related to the charge-back of cost of personnel seconded at the subsidiary and of service costs.

Arezzo Servizi S.c.r.l.
The company's purpose is the provision of wash-hire services to "Aziende dell'Area Vasta Sud-Est" and, to a lesser extent, to the hospital of the Arezzo AUSL. Purchase costs and the corresponding trade payables were related to the charge-back of costs incurred by Arezzo Servizi S.c.r.l., which are divided amongst the shareholders on the basis of their shareholdings. The financial receivable is for a Euro 402 thousand loan granted to the associate.

Psis S.r.l.
As at 31 December 2021, revenues from the sale of goods and services to PSIS S.r.l. were related to the charge-back of administrative management services. The financial receivable was related to a loan granted for Euro 529 thousand to support current investments.

AMG S.r.l.
At the end of 2021, financial transactions were mainly for external laundering services at the ASL of Asti, Casale Monferrato, and the ASL Turin 3, while revenues derive from linen sterilisation services and supply of disposable medical devices for surgical procedures.

Ekolav S.r.l.
Purchases of goods and services and the corresponding trade payables to Ekolav S.r.l. were mainly related to laundry and transport services and to the purchase of linen.

Steril Piemonte S.c.r.l.
As at 31 December 2021, revenues from the sale of goods and services and purchase costs associated with Steril Piemonte S.c.r.l. were related to the charge-back of costs incurred by the Company and Consortium for surgical instrument sterilisation activities at the A.S.L. AL Piedmont Region.

Iniziative Produttive Piemontesi S.r.l.
As at 31 December 2021, revenues from the sale of goods and services to Iniziative Produttive Piemontesi S.r.l. were mainly related to validation services. The financial receivable is for a Euro 53 thousand loan granted to the associate.

Saniservice Sh.p.k.
As at 31 December 2021, revenues from the sale of goods and services to Saniservice Sh.p.k. mainly referred to the supply of material for the management of sterilisation facilities and to business management services. The financial receivable and financial income were related to a loan granted to the associate, equal to Euro 4,141 thousand.

Finanza & Progetti S.p.A.
As of 31 December 2021, the value included in the financial receivables relates to an active loan granted equal to Euro 1,159 thousand.

Brixia S.r.l.
As at 31 December 2021, revenues from the sale of goods and services to Brixia S.r.l. were related to the wash-hire service at the ASST Spedali Civili of Brescia.

Focus S.p.A.
Transactions with Focus S.p.A. were related to lease agreements on the Castellina di Soragna (Parma), Montecchio Precalcino (Vicenza), Ariccia (Rome) and Genova Bolzaneto (Genoa) properties. In 2021, the total consideration for leased properties amounted to Euro 2,814 thousand.
The lease agreements of Montecchio Precalcino (Vicenza) and Ariccia (Rome) have a duration of six years, renewable for another six, while for Genova Bolzaneto (Genoa) the lease agreement has a duration of fourteen years, renewable for another six.

Archimede S.p.A.
Transactions with Archimede S.p.A. were associated with temporary staff secondment service agreements.

New Fleur S.r.l.
Transactions with New Fleur S.r.l. are primarily for laundry services rendered.

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

No income from non-recurring transactions was recognised during the year.
During the year, there were no atypical and/or unusual transactions as defined in Consob communication no. 6064293 dated 28 July 2006.

10 Treasury shares

The Shareholders' Meeting of 20 April 2021, upon revocation of the authorisation to purchase and dispose of treasury shares resolved on 28 April 2020 for the unused portion, renewed the authorisation for the purchase and disposal of treasury shares, in accordance with the proposal by the Board of Directors. The resolution authorised the purchase of a maximum of 6,361,890 ordinary shares with nominal value of Euro 1.00 each, corresponding to one-fifth of the Company's share capital (taking into account the shares already held by the Company) for a period 18 months from that date, while the duration of the authorisation for disposal of the treasury shares has no time limits.
The treasury shares purchase plan renewed by the Board of Directors, in implementation of the shareholders' meeting resolution, on 20 April 2021 - in accordance with the resolution of the Company's Shareholders' Meeting today - aims to establish a stock of treasury shares to possibly use as consideration in extraordinary transactions and/or in trades and/or in the disposal of equity investments, and simultaneously represents an efficient investment opportunity for the company's liquidity.
In accordance with authorisation by the shareholders' meeting on 20 April 2021, purchases of treasury shares are conducted on the Mercato Telematico Azionario (MTA, electronic stock market) through broker INTERMONTE SIM S.p.A., in accordance with the operating methods and at the price conditions pursuant to the provisions of Articles 3 and 4, paragraph 2, letter b) of Delegated Regulation EU 2016/1052, and in accordance with the principle of equality of treatment of Shareholders and market practice. In particular, the purchase price of each share must be, as a minimum, at least 20% and, as a maximum, not greater 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 individual purchase, without prejudice to the fact that it cannot be greater than the higher of the last independent transaction and the highest current independent asking price on the MTA, in accordance with the shareholders' resolution of 20 April 2021 and any other applicable regulations (even European) and allowed market practice. Furthermore, the shares purchased during each session may not exceed 25% of the average daily volume of Servizi Italia S.p.A. shares traded on the MTA, calculated based on the daily average volume of trades in the 20 trading days prior to the purchase date.
The broker INTERMONTE SIM S.p.A., which coordinates the share purchase programme, shall make trading decisions in relation to the timing of the purchase of Servizi Italia S.p.A. shares, with full

independence from the Company but within the limitations decided by the Shareholder's Meeting. As at 31 December 2021, the number of treasury shares in the portfolio amounted in total to 2,000,408 shares, corresponding to 6.29% of the share capital.

11 Fees, stock options and equity investments of directors, officers with strategic responsibilities and statutory auditors

As regards:

- remunerations to Directors and Statutory Auditors;
- stock options to Directors;
- Directors' shareholdings;

please see the Remuneration Report, drawn up pursuant to article 123-ter of Consolidated Law on Finance for the 2021 financial year.

12 Payment plans based on financial instruments

As at 31 December 2021, there were no remuneration plans based on financial instruments.

13 Disclosure pursuant to Art. 149-duodecies of CONSOB's Issuers' regulations

The fees for the services provided by the Independent auditing firm Deloitte & Touche S.p.A. and the entities belonging to the network of this are provided below:

Type of service	Provider	Recipient	Fees
Audit service	Deloitte & Touche S.p.A	Servizi Italia S.p.A.	86,228
Audit service	Deloitte & Touche S.p.A	Subsidiaries	8,935
Audit service	Deloitte & Touche S.p.A. network	Subsidiaries	53,194
Other Assurance services	Deloitte & Touche S.p.A	Servizi Italia S.p.A.	3,000
Other services	Deloitte & Touche S.p.A	Servizi Italia S.p.A.	30,000
Advisory services	Deloitte & Touche S.p.A. network	Servizi Italia S.p.A.	0
Advisory services	Deloitte & Touche S.p.A. network	Subsidiaries/associates	0
Total			**181,387**

14 Significant events and transactions during the year

Please see the related section of the Directors' Report on Operations.

15 Significant events after the end of the year

As is known, the deepening of tensions between Russia and Ukraine that resulted in the invasion of the Ukrainian territory by the Russian army on 24 February 2022 are creating repercussions on international markets, both in terms of financial market trends and on commodity prices. The Company could be affected in the event of further volatility in energy prices, while no market and/or exchange risks are identified, since the same has no commercial transactions with the countries involved. Also in relation to the cost of energy, the risk could be reduced by the possibility of re-evaluating this cost on

the final price in relation to the introduction, in the procurement contracts, of price revision clauses. The evolution of the situation is continuously monitored by the company management.
As at 4 March 2022, the Company had acquired a total of 2,092,658 treasury shares on the market regulated and managed by Borsa Italiana S.p.A., equal to 6.58% of the share capital.

16 Allocation of the profit (loss) for the year

The Board of Directors proposes to allocate the profit for the year, equal to Euro 4,812,088, as follows:

- Euro 1,537,645 to the valuation reserve for equity investments by using the equity method;
- to carry forward the residual profit for the year.

It also proposes to allocate Euro 214,258 from the valuation reserve for equity investments by using the equity method to profit carried forward as the restrictions on distribution as dividends no longer apply.

The Chairman of the Board of Directors
(Roberto Olivi)

Certification of the separate financial statements pursuant to Art. 154-bis of Italian Legislative Decree 58/98

Castellina di Soragna, 14 March 2022,

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 Executive Committee, and Angelo Minotta, in his capacity as Financial Reporting Manager of Servizi Italia S.p.A., certify:

a) the adequacy in relation to the characteristics of the business and
b) the effective application of the administrative and accounting procedures for the formation of the separate financial statements during 2021.

It is also hereby stated that the separate financial statements as at 31 December 2021:

a) have 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 issuer.

The Directors' Report on Operations includes a reliable analysis of the operating performance and result, as well as of the issuer's situation, together with a description of the main risks and uncertainties to which it is exposed.

The Chairman of the Executive Committee
Roberto Olivi

The Financial Reporting Manager
Angelo Minotta

Consolidated financial statements

as at 31 December 2021

SERVIZI ITALIA S.P.A.
Via S. Pietro, 59/B
43019 Castellina di Soragna (PR) – ITALY
Tel. +39 0521 598511 – sede@si-servizitalia.com
www.servizitaliagroup.com

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(thousands of Euros)	Note	31 December 2021	*of which with related parties (Note 8)*	31 December 2020	*of which with related parties (Note 8)*
ASSETS					
Non-current assets					
Property, plant and equipment	**6.1**	163,326	*20,553*	168,821	*22,632*
Intangible assets	**6.2**	4,477	-	5,238	-
Goodwill	**6.3**	62,684	-	65,639	-
Equity-accounted investments	**6.4**	27,486	-	24,582	-
Equity investments in other companies	**6.5**	3,305	-	3,018	-
Financial receivables	**6.6**	3,746	*2,422*	5,663	*4,158*
Deferred tax assets	**6.7**	8,349	-	8,091	-
Other assets	**6.8**	3,495	-	4,342	-
Total non-current assets		**276,868**		**285,394**	-
Current assets					
Inventories	**6.9**	8,408	-	7,996	-
Trade receivables	**6.10**	65,139	*7,731*	62,974	*7,100*
Current tax receivables	**6.11**	1,872	-	2,019	-
Financial receivables	**6.12**	6,087	*4,938*	6,521	*5,273*
Other assets	**6.13**	9,585	-	9,752	-
Cash and cash equivalents	**6.14**	3,217	-	4,441	-
Total current assets		**94,308**		**93,703**	-
TOTAL ASSETS		**371,176**		**379,097**	-
SHAREHOLDERS' EQUITY AND LIABILITIES					-
Group shareholders' equity					-
Share capital	**6.15**	29,809	-	30,259	-
Other reserves and retained earnings	**6.15**	82,375	-	83,331	-
Profit (loss) for the year		7,500	-	2,761	-
Total shareholders' equity attributable to shareholders of the parent company		**119,684**		**116,351**	-
Total shareholders' equity attributable to non-controlling interests		**1,435**		**2,235**	-
TOTAL SHAREHOLDERS' EQUITY	**6**	**121,119**		**118,586**	-
LIABILITIES					-
Non-current liabilities					-
Due to banks and other lenders	**6.16**	58,750	*20,543*	56,262	*22,242*
Deferred tax liabilities	**6.17**	2,107	-	2,500	-
Employee benefits	**6.18**	8,338	-	9,582	-
Provisions for risks and charges	**6.19**	4,834	-	4,804	-
Other financial liabilities	**6.20**	388	-	2,905	-
Total non-current liabilities		**74,417**		**76,053**	-
Current liabilities					-
Due to banks and other lenders	**6.16**	76,251	*1,661*	84,307	*1,605*
Trade payables	**6.21**	75,685	*7,008*	76,934	*6,776*
Current tax payables	**6.22**	276	-	124	-
Employee benefits	**6.18**	719	-	67	-
Other financial liabilities	**6.23**	2,454	-	3,353	*1,770*
Provisions for risks and charges	**6.19**	1,526	-	1,523	-
Other payables	**6.24**	18,729	-	18,150	-
Total current liabilities		**175,640**		**184,458**	-
TOTAL LIABILITIES		**250,057**		**260,511**	-
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		**371,176**		**379,097**	-

CONSOLIDATED INCOME STATEMENT

(thousands of Euros)	Note	31 December 2021	*of which with related parties (Note 8)*	31 December 2020	*of which with related parties (Note 8)*
Sales revenues	**7.1**	**256,694**	*13,127*	**240,160**	*12,705*
Other income	**7.2**	8,430	*790*	5,467	*1,126*
Raw materials and consumables	**7.3**	(27,430)	*(170)*	(27,607)	*(164)*
Costs for services	**7.4**	(84,749)	*(16,756)*	(75,974)	*(15,283)*
Personnel expense	**7.5**	(86,658)	*(1,130)*	(81,627)	*(586)*
Other costs	**7.6**	(1,403)	*(74)*	(2,481)	*(42)*
Depreciation/amortisation, impairment and provisions	**7.7**	(55,114)	-	(54,065)	
Operating profit		**9,770**		**3,873**	
Financial income	**7.8**	804	485	2,292	*672*
Financial expenses	**7.9**	(4,989)	(1,319)	(5,409)	(1,413)
Income/(expense) from equity investments	**7.10**	342	-	2,105	
Share of profit/loss of equity-accounted investments	**6.4**	2,247	-	(1,663)	
Profit before tax		**8,174**		**1,198**	
Current and deferred taxes	**7.11**	(937)	-	1,756	
Profit (loss) for the year		**7,237**		**2,954**	
of which: portion attributable to shareholders of the parent		7,500		2,761	
Attributable to non-controlling interests		(263)		193	
Basic earnings per share (in Euros)	**7.12**	***0.25***		***0.09***	
Diluted earnings per share (in Euros)	**7.12**	***0.25***		***0.09***	

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(thousands of Euros)	Note	31 December 2021	31 December 2020
Profit (loss) for the year		**7,237**	**2,954**
Other comprehensive income that will not be reclassified to the Income Statement			
Actuarial gains (losses) on defined benefit plans	**6.18**	9	(229)
Income taxes on other comprehensive income	**6.7 6.17**	(2)	55
Other comprehensive income that may be reclassified to the Income Statement			
Gains (losses) from translation of foreign financial statements		(4,243)	(15,564)
Portion of comprehensive income of the investments measured using the equity method	**6.4**	650	(377)
Income taxes on other comprehensive income			
Total other comprehensive income after taxes		**(3,586)**	**(16,115)**
Total comprehensive income for the period		**3,651**	**(13,162)**
of which: portion attributable to shareholders of the parent		4,337	(13,081)
Attributable to non-controlling interests		(686)	(81)

CONSOLIDATED CASH FLOW STATEMENT

(thousands of Euros)	Note	31 December 2021	*of which with related parties (Note 8)*	31 December 2020	*of which with related parties (Note 8)*
Cash flow generated (absorbed) by operations					
Profit (loss) before tax		8,174	-	1,198	-
Payment of current taxes		(517)	-	(557)	-
Amortisation	**7.7**	54,617	-	53,013	-
Impairment and provisions	**7.7**	497	-	1,051	-
Gains/losses on equity investments	**6.4 7.10**	(2,589)	-	(441)	-
Gains/losses on disposal	**7.2 7.6**	(2,489)	-	(719)	-
Interest income and expense accrued	**7.8 7.9**	4,185	-	3,117	-
Interest income collected	**7.8**	333	-	890	-
Interest expense paid	**7.9**	(2,930)	-	(2,432)	-
Interest paid on liabilities for leasing		(1,977)	*(1,319)*	(2,163)	*(1,413)*
Provisions for employee benefits	**6.18**	1,043	-	(221)	-
(Increase)/decrease in inventories	**6.9**	(445)	-	(1,597)	-
(Increase)/decrease in trade receivables	**6.10**	(7,938)	*(631)*	1,760	*1,303*
Increase/(decrease) in trade payables	**6.22**	2,258	*232*	9,110	*(1,427)*
Increase/(decrease) in other assets and liabilities		(3,356)	*(1,770)*	(7,654)	*(900)*
Settlement of employee benefits	**6.18**	(1,535)	-	(669)	-
Cash flow generated (absorbed) by operations		**47,331**		**53,686**	
Net cash flow generated (absorbed) from investment activities in:					
Intangible assets	**6.2**	(786)	-	(911)	-
Property, plant and equipment	**6.1**	(57,042)	-	(54,252)	-
Dividends received	**7.10**	428	-	903	-
Acquisitions	**3.3**	9,527	-	(418)	-
Equity investments	**6.4 6.5**	(571)	-	1,960	-
Net cash flow generated (absorbed) by investment activities		**(48,444)**		**(52,718)**	
Cash flow generated (absorbed) from financing activities in:					
Financial receivables	**6.6 6.12**	2,644	*2,071*	2,947	*505*
Dividends paid	**6.15**	(67)	-	(4,738)	-
Net (purchase)/sales of treasury shares	**6.15**	(1,004)	-	(1,645)	-
Share capital increase	**6.15**	-	-	-	-
Other changes in equity	**6.15**	-	-	-	-
Current due to banks and other lenders	**6.16**	(738)	-	16,222	-
Non-current due to banks and other lenders	**6.16**	2,854	-	(11,066)	-
Reimbursement of liabilities for leasing		(3,668)	*(1,496)*	(3,601)	*(1,048)*
Cash flow generated (absorbed) from financing activities		**21**		**(1,881)**	
(Increase)/decrease in cash and cash equivalents		**(1,092)**		**(913)**	
Opening cash and cash equivalents	6.15	**4,441**		**7,141**	
Effect of exchange rate fluctuations		**132**		**1,787**	
Closing cash and cash equivalents	6.15	**3,217**		**4,441**	

STATEMENT OF CHANGES IN CONSOLIDATED SHAREHOLDERS' EQUITY

(thousands of Euros)	Share capital	Share premium reserve	Legal reserve	Retained earnings	Translation reserve	Profit (loss) for the year	Reserves and profit (loss) of non-controlling interests	Total Shareholders' 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)	(585)	(4,865)
Acquisition non-controlling interests	-	-	-	703	-	-	(703)	-
Treasury share transactions	(676)	(969)	-	-	-	-	-	(1,645)
Profit (loss) for the period	-	-	-	-	-	2,761	193	2,954
Other components of comprehensive income	-	-	-	(551)	(15,290)	-	(274)	(16,115)
Balance as at 31 December 2020	**30,259**	**50,229**	**6,618**	**59,066**	**(32,582)**	**2,761**	**2,235**	**118,586**
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	(450)	(554)	-	-	-	-	-	(1,004)
Profit (loss) for the period	-	-	-	-	-	7,500	(263)	7,237
Other components of comprehensive income	-	-	-	657	(3,820)	-	(423)	(3,586)
Balance as at 31 December 2021	**29,809**	**49,675**	**6,618**	**62,484**	**(36,402)**	**7,500**	**1,435**	**121,119**

EXPLANATORY NOTES

Introduction

The Consolidated Financial Statements of Servizi Italia S.p.A., comprising the Statement of Financial position, Income Statement, Statement of Comprehensive Income, Cash Flow Statement, Statement of Changes in Shareholders' Equity and Explanatory Notes, were drafted in compliance with the International Financial Reporting Standards (IFRS) issued by the International Financial Reporting Standards Board and the interpretations issued by the IFRS Interpretations Committee, based on the text published in the Official Journal of the European Communities (O.J.E.C.).
These financial statements were approved on 14 March 2022 by the Board of Directors, which authorised their publication.
The accounting standards illustrated below have been applied on a consistent basis to all the periods presented.
The amounts shown in the explanatory notes are expressed in thousands of Euros, unless specified otherwise.
The financial statement schedules adopted by the group have the following characteristics:

- in the Statement of Financial Position, assets and liabilities are classified by maturity and are divided between current or non-current;
- in the Income Statement, costs and revenues are classified by nature;
- a separate Statement of Comprehensive Income has been provided;
- the Cash Flow Statement has been prepared using the indirect method, as permitted under IAS 7;
- the Consolidated Statement of Comprehensive Income has been prepared according to the provisions of IAS 1.

IFRS accounting standards, amendments and interpretations applied as from 1 January 2021

The following IFRS accounting principles, amendments and interpretations were applied for the first time by the Group starting on 1 January 2021:

- On 31 March 2021, the IASB published an amendment called "***Covid-19-Related Rent Concessions beyond 30 June 2021 (Amendments to IFRS 16)***"which extends the application period of the amendment issued in 2020 by one year, which provided for lessees the right to account for the reduction in rents connected to Covid-19 without having to assess, through the analysis of the contracts, whether the definition of lease modification of IFRS 16 was respected. Therefore, the lessees who have applied this option in the 2020 financial year have accounted for the effects of the reductions in rents directly in the income statement at the effective date of the reduction. The 2021 amendment, available only to entities that have already adopted the 2020 amendment, is effective as of 1 April 2021 and early adoption is allowed.
  The adoption of this amendment did not impact the 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 were effective from 1 January 2021.
  The adoption of this amendment did not impact the financial statements of the Group.

- On 26 September 2019 the IASB published the amendment entitled "Amendments to IFRS 9, IAS 39 and IFRS 7: Interest Rate Benchmark Reform". The same amends IFRS 9 - Financial Instruments and IAS 39 - Financial Instruments: Recognition and Measurement as well as IFRS 7 - Financial Instruments: Disclosures. In particular, the amendments modify specific hedge accounting requirements, providing for temporary derogations in order to mitigate the impact of uncertainty with regard to the IBOR reform on future cash flows during the period prior to its completion. The amendments also require additional disclosures related to hedges directly impacted by the uncertainties generated by the reform and to which such derogations apply.
  The adoption of this amendment did not impact the financial statements of the Group.

IFRS accounting standards, amendments and interpretations approved by the European Union, not yet applicable on a mandatory basis and not adopted early by the Company as at 31 December 2021

At the reference date of these consolidated financial statements, the competent bodies of the European Union have not yet concluded the endorsement process needed for the adoption of the amendments and standards described below, in respect of which the Directors do not expect significant effects on the Group's financial statements.

- 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 this implying changes to the provisions of the standard.***
  - ***Amendments to IAS 16 Property, Plant and Equipment***: the purpose of the amendments is not to allow the deduction from the cost of tangible assets the amount received from the sale of assets produced in the test phase of the same assets. These sales revenues and the related costs will therefore be recognized in the income statement.
  - ***Amendments to IAS 37 Provisions, Contingent Liabilities and Contingent Assets***: the amendment clarifies that all costs directly attributable to the contract must be considered in the estimate of the possible cost of a contract. Consequently, the assessment of the possible cost of a contract includes not only incremental costs (such as, for example, the cost of the direct material used in the processing), but also all the costs that the company cannot avoid since it has stipulated the contract (such as, for example, the portion of depreciation of the machinery used to fulfil the contract).

- Annual Improvements 2018-2020: the amendments were made to IFRS 1 First-time Adoption of International Financial Reporting Standards, IFRS 9 Financial Instruments, IAS 41 Agriculture and the Illustrative Examples of IFRS 16 Leases.

All amendments will enter into force on 1 January 2022.

Directors do not expect any significant effect on the consolidated financial statements of the Group when this amendment is adopted.

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

At the reference date of this document report, the European Union had not yet concluded the approval process needed for the adoption of the amendments and standards described below.

- On 23 January 2020, the IASB published an amendment entitled "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 payables 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 any significant effect on the consolidated financial statements of the Group when this amendment is adopted.

- On 12 February 2021, the IASB published two amendments called "***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 aimed at improving disclosure on accounting policies in order to provide more useful information to investors and other primary users of the financial statements and to help companies distinguish changes in accounting estimates from changes in accounting policies. The amendments will apply from 1 January 2023, though early adoption is allowed. Directors do not expect any significant effect on the consolidated financial statements of the Group when this amendment is adopted.

- On 7 May 2021, the IASB published an amendment called "***Amendments to IAS 12 Income Taxes: Deferred Tax related to Assets and Liabilities arising from a Single Transaction***". The document clarifies how deferred taxes on certain transactions which can generate assets and liabilities of the same amount, such as leasing and dismantling obligations, must be accounted for. The amendments will apply from 1 January 2023, though early adoption is allowed. Directors do not expect any significant effect on the consolidated financial statements of the Group when this amendment is adopted.

1 Core Business

The Group primarily works in the domestic market as well as in the State of São Paulo (Brazil), Albania, India, Morocco, and Turkey, in supplying integrated rental, washing and sterilisation services for textiles and surgical instruments to social/welfare and public and private hospital facilities. In particular, the services provided by the Group consist of:

- 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, (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 rooms (linens for operating rooms and scrubs) packed in kits for the operating areas, in cotton or in re-usable technical fabric, as well as personal protection equipment;

- Sterilisation of surgical instruments (Steril C): this includes (i) the design and supply of washing, packaging and sterilisation services for surgical instruments (owned or rented) as well as accessories for operating rooms, (ii) the design, installation and renovation of sterilisation centres and, (iii) system validation and control services for sterilisation processes and surgical instrument washing systems.

2 The Company as part of a group

Servizi Italia S.p.A. is a subsidiary 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., which therefore indirectly controls the Servizi Italia Group.

3 Consolidation principles and accounting standards adopted

3.1 Consolidation principles

The consolidated financial statements 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. Servizi Italia S.p.A. controls a company when, in exercising the power it holds on it, is exposed and is entitled to its variable returns, getting involved in its management, and has, at the same time, the possibility to impact the variable returns of the subsidiary. The exercise of rights on the subsidiary is based on: (i) of the voting rights, also potential, held by the Group and by virtue of which the Group can exercise the majority of the votes exercisable during the company's ordinary shareholders' meeting; (ii) of the content of any agreements between shareholders or the existence of particular article of association clauses, which assign the Group the power to govern the company; (iii) of the control by the Group of a number of votes sufficient to exercise the de facto control of the company's ordinary shareholders' meeting.
Joint control agreements in which the parties hold rights on the net assets of the agreement are defined as joint ventures, while the jointly controlled agreements in which the parties hold rights on the assets and obligations related to the agreement are defined as jointly controlled assets. Joint control is the sharing, on a contractual basis, of the control of an agreement, which exists solely when due to decisions relating to the significant activities the unanimous consent of all the parties, which share the control, is required.
The companies, in which Servizi Italia is able to participate in the definition of the operating and financial policies despite the same not being subsidiaries or jointly controlled parties, are associates.

Investments in associates and joint ventures are measured using the equity method. On the basis of the equity method, the equity investment is recognised in the statement of financial position at purchase cost, adjusted, upwards or downwards, for the portion pertaining to the Group of the changes in the net assets of the subsidiary. Goodwill pertaining to the subsidiary is included in the book value of the equity investment and is not amortised. The transactions generating internal gains realised by the Group with associates and companies under joint control are eliminated limited to the holding owned by the Group. Adjustments are made to the financial statements of companies carried at equity, necessary for bringing the accounting standards into line with those adopted by the Group. Jointly controlled assets (joint operations) are recorded by recognising the portion of asset and liability, cost and revenue that pertain thereto, directly into the financial statements of the company, which is part of the agreements.
The financial statements consolidated line-by-line were prepared as at 31 December 2021 and have been adjusted as required to bring them into line with the accounting standards of Servizi Italia S.p.A.:

- the assets and liabilities, expense and income are consolidated line-by-line allocating the minority shareholders, where applicable, the portion of shareholders' equity and net result for the year due to the same;
- business merger transactions, by virtue of which control over an entity is acquired, are recognised in the accounts by applying the purchase method. The purchase cost corresponds to the fair value as at the date of purchase of the assets sold, the liabilities undertaken, the equities issued and any other directly attributable accessory charge. The difference between the purchase cost and the fair value of the assets and liabilities acquired, if positive, is allocated to the asset item Goodwill; if it is negative, after having re-checked the correct measurement of the fair values of the assets and liabilities acquired and the purchase cost, it is recognised directly in the income statement, as income. The cost incurred for the acquisition is immediately recorded in the Income Statement. If the acquisition agreement provides for an adjustment of the price that is different according to the profitability of the acquired business over a defined period of time, or until a pre-set future date ("earn-out"), the adjustment is included in the purchase price starting from the date of acquisition and is valued at fair value at the date of acquisition while the subsequent changes are recorded in the Income Statement;
- the acquisition or the transfer of minority shareholdings of third parties, subsequent to the acquisition of control and if the control is maintained, are recorded under net equity;
- significant gains and losses from transactions between companies consolidated line-by-line, not yet realised vis-à-vis third parties, are eliminated;
- receivable and payable transactions, costs and revenues, as well as the financial income and expense between companies consolidated line-by-line are eliminated;
- put options on minority shares lead to the recognition of a financial liability at the current value of the disbursement to be executed during the period. This liability reduces the non-controlling interests or the reserves of the Group in relation to the fact that the risks and benefits of said interests have been transferred or otherwise to the purchaser. Any changes in the estimate of the disbursement are recognised in the income statement;
- the financial statements of each company belonging to the Group are prepared in the currency of the primary economic sphere in which it operates (reporting currency). For the purposes of the consolidated financial statements, the financial statements of each foreign entity are expressed in Euros, which is the reporting currency of the Group and the presentation currency

for the consolidated financial statements. All the assets and liabilities of foreign companies in currency other than Euros, which fall within the scope of consolidation, are converted using the exchange rates existing as of the financial statement reference date (current exchange rate method). Income, costs and cash flows are converted at the average exchange rate for the period. The exchange differences deriving from the comparison between the opening shareholders' equity converted using the current rates and the same converted using the historical rates, as well as the difference between the profit/loss expressed using the average rates and that expressed using the current rates, are booked to other comprehensive income and recorded in a specific reserve;

- foreign currency transactions are recorded using the exchange rate in force as of the date of the transaction. Monetary assets and liabilities denominated in foreign currency are converted at the exchange rates existing as of the financial statement reference date. Non-monetary items valued at historical cost in foreign currency are converted using the exchange rate in force as of the date of initial recognition of the transaction. Non-monetary items recorded at fair value are converted using the exchange rate as of the date of determining this value;
- the exchange rates used for the conversion into Euros of the financial statements of the companies included in the scope of consolidation are illustrated below.

Currency	Exchange rate as at 31 December 2021	Average exchange rate for 2021	Exchange rate as at 31 December 2020	Average exchange rate for 2020
Brazilian Real (BRL)	6.3101	6.3779	6.3735	5.8943
Turkish Lira (TRY)	15.2335	10.5124	9.1131	8.0547
Albanian Lek (LEK)	120.7100	122.4372	123.7	123.7906
Indian Rupee (INR)	84.2292	87.4392	89.6605	84.6392
Moroccan Dhiram (MAD)	10.4830	10.6263	10.919	10.8235
Singapore Dollar (SGD)	1.5279	1.5891	1.5698	1.6029

3.2 Scope of Consolidation

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

(thousands)	Name of the Company	Currency	Share capital as at 31 December 2021	Percent interest as at 31 December 2021	Percent interest as at 31 December 2020
San Martino 2000 S.c.r.l.	Genoa	EUR	10	60.0%	60.0%
Steritek S.p.A.	Malagnino (Cremona)	EUR	134	70.0%	70.0%
Ankateks Turizm İnşaat Tekstil Temizleme Sanayi ve Ticaret Ltd Şirketi	Ankara, Turkey	TRY	20,000	55.0%	55.0%
Ergülteks Temizlik Tekstil Ltd. Sti.(**)	Smyrna - Turkey	TRY	1,700	57.5%	57.5%
SRI Empreendimentos e Participacoes LTDA	São Paulo (Brazil)	BRL	210,828	100.0%	100.0%
Lavsim Higienização Têxtil S.A.(*)	São Roque, State of São Paulo (Brazil)	BRL	29,630	100.0%	100.0%
Maxlav Lavanderia Especializada S.A.(*)	Jaguariúna, State of São Paulo (Brazil)	BRL	2,825	100.0%	100.0%
Vida Lavanderias Especializada S.A.(*)	São Roque, State of São Paulo (Brazil)	BRL	3,600	100.0%	100.0%
Aqualav Serviços De Higienização Ltda(*)	Vila Idalina, Poá, State of São Paulo (Brazil)	BRL	15,400	100.0%	100.0%
Wash Service Srl	Castellina di Soragna (Parma) - Italy	EUR	10,000	90%	90%
Ekolav S.r.l.	Lastra a Signa (Florence) - Italy	EUR	100,000	100%	100%

(*) Held through SRI Empreendimentos e Participações Ltda
(**) Held through Ankateks Turizm İnşaat Tekstil Temizleme Sanayi ve Ticaret Ltd Şirketi

Investments in associates and joint ventures are measured using the equity method.

(thousands)	Name of the Company	Currency	Share capital as at 31 December 2021	Percent interest as at 31 December 2021	Percent interest as at 31 December 2020
Arezzo Servizi S.c.r.l.	Arezzo - Italy	EUR	10	50%	50%
PSIS S.r.l.	Padua - Italy	EUR	10,000	50%	50%
Steril Piemonte S.c.r.l.	Turin - Italy	EUR	4,000	50%	50%
AMG S.r.l.	Busca (Cuneo) - Italy	EUR	100	50%	50%
Iniziative 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%(*)	30%(*)
SAS Sterilizasyon Servisleri A. Ş.	Istanbul - Turkey	TRY	24,467	51%	51%
Shubhram Hospital Solutions Private Ltd.	New Delhi - India	INR	362,219	51%	51%
Finanza & Progetti S.p.A.	Vicenza - Italy	EUR	550	50%	50%
Brixia S.r.l.	Milan - Italy	EUR	10	23%	23%
Saniservice Sh.p.k.	Tirana – Albania	LEK	2,746	30%	30%
Sanitary cleaning Sh.p.k.	Tirana – Albania	LEK	2,799	40%	40%
Servizi Sanitari Integrati Marocco S.a.r.l.	Casablanca - Morocco	MAD	122	51%	51%
StirApp S.r.l in liquidation	Modena – Italy	EUR	208	25%	25%

(*) Indirect 15.05% interest through Iniziative Produttive Piemontesi S.r.l.

3.3 Summary of the accounting standards and basis of preparation

The consolidated financial statements were drawn up in accordance with the criterion of cost, except in the cases specifically described in the following notes, for which the fair value was applied.

A. Property, plant and equipment

Tangible fixed assets include land and buildings, machinery and plant, returnable assets, industrial and commercial equipment, linen and other assets benefiting future periods.

Fixed assets are stated at purchase or production cost, inclusive of the related costs and costs necessary for making the asset available for use, net of accumulated depreciation. The costs subsequent to purchase are included in the value of the asset or recorded as a separate asset only if it is probable that the Company will receive future economic benefits associated with the assets and the cost can be measured. Maintenance and repairs are recognised in the income statement in the period in which they are incurred.

The useful life of the company's linen used in the production process has been estimated and revised annually, taking into consideration numerous factors that may affect it, such as the wear and tear deriving from use and from the washing cycles. These factors are subject to variations over time, due to their very nature.

Depreciation of tangible fixed assets is calculated on a straight-line basis so as to spread the value of the assets over the estimated useful life according to the following categories:

Category	Years
Industrial buildings	33
Plant and machinery	12
General plant	7
Industrial and commercial equipment	4
Specific equipment	8
Flat linen	3
Packed linen for "118" emergency services operators and hotel	4
Mattresses	8

Furniture and fixtures	8
Electronic machinery	5
Cars	4
Other vehicles	5

The useful lives are reviewed, and adjusted if necessary, at the end of each period.
The individual components of an asset, which are characterised by a different useful life, are depreciated separately and on a consistent basis with their duration according to an approach by components. Returnable assets are depreciated over the residual duration of the contract within the sphere of which they are realised.
If there are indicators of impairment, the assets are subject to an "Impairment test" as per the following section E; any impairment may be subsequently reversed if the reasons for the impairment cease to apply. These fixed assets include the costs for the creation of the sterilisation and washing installations at the customer sites, which are used exclusively by the Group. These assets are depreciated over the useful life of the assets or the residual duration of the relative contract, whichever is the shorter. The ownership of the asset is transferred to the customer on termination of the contract.
The financial expense is capitalised if directly attributable to the purchase, construction or production of an asset.

B. Finance leases

Assets and/or services acquired via finance and/or operating lease contracts, if inherent to their definition under IFRS 16, are recognised under property, plant and equipment, with recognition under liabilities of a financial payable for the same amount. The payable is progressively reduced on the basis of the repayment plan for the principal amounts included in the fees contractually envisaged, while the value of the assets recorded among property, plant and equipment is systematically depreciated in relation to the economic-technical life of said asset in the event of a finance lease, or based on the duration of the contractually defined non-cancellable period in the event of an operating lease.

C. Intangible assets

Only identifiable assets, controlled by the enterprise, which are able to produce future economic benefits, can be defined as intangible assets.
These assets are recorded in the financial statements at purchase or production cost, inclusive of the related charges as per the criteria already indicated for property, plant and equipment. The development costs are also capitalised provided that the cost can be reliably determined and that it can be demonstrated that the asset is able to produce future economic benefits.
The intangible assets with a defined useful life are amortised systematically as from the moment the asset is available for use over the envisaged period of utility. They are mainly represented by software licences acquired for a consideration capitalised on the basis of the cost incurred. These costs are amortised on a straight-line basis according to their estimated useful life (3-5 years).
The value attributed, upon an acquisition, to the contract portfolio is amortised based on the residual duration of the related contracts and proportional to the time of the distribution of the benefit flow resulting therefrom.

D. Goodwill

Goodwill represents the additional costs incurred with respect to the fair value of the net assets identified at the time of acquisition of a subsidiary, associate or business. In the consolidated financial

statements, goodwill related to the acquisition of associates and joint ventures is included in the cost recognised in the item "Equity investments recognised at shareholders' equity" measured as described in "Equity investments" below.
All goodwill is verified once a year to identify any impairment loss ("impairment test") and is recognised net of any impairment.
An impairment loss recognised for goodwill cannot be reversed in a subsequent period.
For the purposes of the impairment test, goodwill is allocated to the individual cash generating units ("CGUs") or CGU groups that are believed to be the source of the financial benefits from the acquisition to which goodwill refers.

E. Impairment test
In the presence of situations that may potentially generate impairment losses, impairment tests are carried out on property, plant and equipment and intangible assets, by measuring their recoverable value and comparing it with the corresponding net carrying value. If the recoverable value is less than the carrying value, the latter is adjusted accordingly. This reduction represents a loss in value, which is recognised in the Income Statement.
Goodwill and assets with an indefinite useful life or assets not available for use are subject at least once a year to an impairment test, to verify the recoverability of their value. An impairment test is carried out on assets that are amortised/depreciated on the occurrence of events and circumstances that indicate that the carrying value might not be recoverable. In such cases, the book value of the asset is written down until reaching the recoverable value.
The recoverable value is the greater of the fair value of the assets net of selling costs and the value in use. For impairment test purposes, the assets are grouped together at the level of cash generating units ("CGUs") or CGU groups.
As of each reporting date, steps are taken to verify whether the impairments made on the non-financial assets further to impairment tests should be reversed. If a write-down, previously carried out, no longer has a reason to exist, except for the goodwill, its book value is written back using the new value deriving from the estimate, provided that this value does not exceed the net carrying value that the asset would have had if no write-down was ever carried out. The write-back is also recorded in the Income Statement. Impairment losses recognised on goodwill cannot be reversed.

F. Equity investments
Investments in associates and joint ventures are measured using the equity method.
In applying this valuation method, the investment is initially recognised at cost and the book value is increased or decreased to recognize the investor's share of the subsidiary's profits or losses. The attributable share of the profit (loss) for the year of the associate is recognised in the Income Statement. The dividends received reduce the book value of the equity investment. Adjustments to the book value may also be necessary as a result of changes in the equity investment or changes in the items of the statement of comprehensive income of the associate (e.g. changes deriving from foreign currency translation differences). The portion of these changes pertaining to the participant is recognised in other comprehensive income.
If the quota of losses of a subsidiary company is equal to or exceeds the value of the equity investment, after having eliminated the value of the interest, the additional losses are set aside and recognised as liabilities, only to the extent that there are legal or implicit obligations or payments have been made on

behalf of the subsidiary company. If the subsidiary subsequently realizes profits, the investing firm will book the portion of profits pertaining to it only after it has equalled its share of unrealised losses.
Profits and losses deriving from transactions between an entity and associated firm or joint venture are booked in the entity's financial statements only for the portion of minority interests in the associate or joint venture. If a company valued with the equity method retains subsidiaries, associates or joint-ventures, the profit (loss) for the year, the other items of the statement of comprehensive income statement and the net assets considered during the application of the equity method are those recorded in the consolidated financial statements of the subsidiary company.
If there is objective evidence of a value loss, an impairment test is carried out on the equity investment, with the same procedures described for intangible and tangible fixed assets in paragraph E.
Equity investments in other companies include minority interests of less than 20% related to strategic and productive investments held since related to the management of orders or concessions. These equity investments usually cannot be freely transferred to third parties, since they are subject to rules and agreements that in practice prevent their free circulation. The equity investments in other companies are recognised at the fair value if there is an active market for the securities representative of these equity investments. The profits or the losses deriving from changes in the fair value are recognised directly in the Income Statement. If an active market is not available, which is the case for all equity investments held by the Group as at 31 December 2021, equity investments in other companies are recognised at the cost of purchase or set-up, reduced for any impairment or capital refund, as best estimate of the fair value.

G. Financial instruments

Financial assets are initially recognised at fair value, increased (or decreased in the case of financial assets recognised at fair value through profit or loss) by the transaction costs directly related to the acquisition of the assets. The subsequent valuation depends on the nature of the cash flows generated by the asset and the model adopted by the Group for the management of the asset.

- if the cash flows of the instrument consist only of principal repayments and interest on the principal due and if the model for managing financial assets provides only for the collection of the cash flows generated by the financial instrument, the financial asset is measured with the amortised cost method. Financial instruments recognised in the financial statements, consisting of financial receivables, trade receivables and other assets, fall under financial instruments valued at amortised cost.
- If the cash flows of the instrument consist only of principal repayments and interest on the principal due and if the model for managing financial assets provides for a combination of the collection of the cash flows from the instrument and the cash flows deriving from the sale of the instrument, the financial asset is measured at fair value with recognition of the effects among other components in the statement of comprehensive income.
- If the cash flows of the instrument do not consist only of principal repayments and interest on the principal due or if the model for managing financial assets provides for collection of the cash flows from the instrument and the cash flows deriving from the sale of the instrument, the financial asset is measured at fair value with recognition of the effects in the income statement.

Derivative instruments are recognised at fair value in the statement of financial position. The gains and losses realised are recognised in the income statement if the derivatives cannot be defined as hedges

under IFRS 9 or they hedge a price risk (fair value hedge) or in the statement of comprehensive income if they hedge a future cash flow or a future contractual commitment already undertaken as at the reporting date (cash flow hedge).
Cash and cash equivalents are bank and post office deposits, marketable securities, which represent temporary investments of liquidity and financial receivables due within three months.
Financial liabilities are recognised initially at the fair value increased (or decreased in the case of financial liabilities recognised at fair value through profit or loss) by the transaction costs directly related to the issue of the liabilities. Subsequently, they are measured at amortised cost, apart from financial derivatives or liabilities held for trading, which are recognised at fair value through profit or loss, or in the cases in which the Group chooses valuation at fair value through profit or loss for liabilities that would be otherwise recognised at the amortised cost. Financial liabilities, trade payables and other payables are recognised at amortised cost. No liabilities in the financial statements were recognised at fair value.
The value of the financial assets is adjusted for any impairment, measured using the Expected Credit Loss model, which estimates the loss expected over a period more or less long according to credit risk:

- for financial assets that did not see a significant increase in credit risk from the time of the initial recognition or that have a low credit risk at the reporting date, the expected loss is calculated on the subsequent 12 months;
- for financial assets that have seen a significant increase in credit risk from the time of the initial recognition but for which there is not yet objective evidence of impairment, the expected loss is calculated on the whole life of the asset;
- for financial assets for which there is objective evidence of impairment, the expected loss is calculated on the whole life of the asset and, with respect to the previous section, the interest cash flows are calculated on the value less the expected loss.

For trade receivables that do not contain a significant financing component, the expected loss is calculated using a method that is simplified with respect to the general approach described above. The simplified approach envisages the estimate of expected loss throughout the life of the credit and without needing to assess the 12-month Expected Credit Loss and the existence of significant increases in credit risk. In an additional derogation from the general method, for financial assets that have a low credit risk, when there is a low risk of default in the short term and in the presence of unfavourable changes in economic conditions, the 12-month expected loss is used.
The financial assets representing “white certificates” are allocated in relation to the achievement of energy savings through the application of efficient systems and technologies. The white certificates are recognised in the accounts on an accruals basis under “Other income”, in proportion to the TOE (tonne of oil equivalent) savings effectively made in the period. The recognition of the same is carried out at the average annual market value unless the year-end market value is significantly lower. The decreases due to sales of white certificates matured during the period or in previous periods are valued at the disposal price. The capital gains and losses deriving from the sales of certificates in periods different to those of maturity are recorded respectively under “Other income” or “Other costs”.

H. Other non-current assets held for sale

Non-current assets (and disposal groups) classified as held for sale are valued at the lower of their previous book value and fair value net of sales costs. Non-current assets (and groups of assets being disposed) are classified as held for sale when their book value is expected to be recovered through a sale transaction rather than through their use in the company's operations. This condition is only met when the sale is considered highly probable and the asset (or group of assets) is available for immediate sale in its current conditions. The first condition exists when Management has made a commitment to the sale; this should take place within twelve months from the date of classification under this item. From the date in which these assets are classified in the category of non-current assets held for sale, the corresponding depreciation is suspended.

I. Inventories

Inventories are recognised at purchase or production cost, inclusive of accessory charges, determined by applying the weighted average cost method or the estimated realisable value calculated on the basis of the market trend net of the sales costs, whichever is the lower.

J. Employee benefits

Post-employment plans

Consequent to the changes made to the employee severance indemnity (TFR) by Italian Law no. 296 dated 27 December 2006 (“2007 Finance Bill”) and subsequent Decrees and Regulations issued in the first few months of 2007, within the sphere of the supplementary welfare reform, the related Provision is recognised as follows:

- Termination indemnity fund accrued as of 1 January 2007: falls within the category of defined-contribution plans both in the event of opting for supplementary welfare and in the case of assignment to the Treasury Fund of INPS. The accounting treatment is similar to that existing for other kinds of contributory payments.
- Termination indemnity fund accrued as of 31 December 2006: this remains a defined-benefits plan determined by applying an actuarial-type method; the amount of the rights accrued in the period by the employees is booked to the Income statement under the item payroll and related costs while the figurative financial expense which the company would incur if a loan was requested from the market for an amount equal to the severance indemnity is booked to net financial income (expense). The actuarial gains and losses which reflect the effects deriving from changes in the actuarial hypotheses used are recognised under other comprehensive income in accordance with the matters envisaged by IAS 19 Employee benefits, section 93A.

Remuneration plans under the form of participation in the capital

Under IFRS 2, stock option plans are classified as “share-based payments”. For those plans that fall in the “equity-settled” category (where the payment is made using instruments representative of equity), the standard requires the calculation - as of the assignment date- of the fair value of the option rights issued and its recognition as personnel expense to be allocated on a straight line over the period of accrual of the rights (“vesting period”), recognising a matching balance under shareholders’ equity reserves. This treatment is carried out on the basis of the estimate of the rights, which will effectively accrue in favour of the employees, taking into consideration the conditions of availability of the same not based on the market value of the rights.

Other long-term benefits

The accounting treatment of other long-term benefits is similar to that for the post-employment benefit plans, with the exception of the fact that the actuarial gains and losses and costs deriving from prior employment services are recognised in the income statement in full in the period they accrue.

K. Provisions for risks and charges

Provisions for risks and charges are allocated exclusively in the presence of a current obligation, consequent to past events, which can be legal, contractual in type or derive from declarations or conduct of the company such as to lead third parties to validly expect that the company itself is responsible or assumes responsibility for fulfilling an obligation (so-called implicit obligations). If the financial effect of time is significant, the liability is discounted back; the effect of this discounting back is recorded under financial expense.
For onerous contracts, whose non-discretionary costs necessary for fulfilment of the obligations adopted exceed the economic benefits expected to be achieved, a provision is set aside which corresponds to the lesser of the cost necessary for fulfilment and any compensation or sanction deriving from breach of contract.
Conversely, no allocation is made against risks for which the onset of a liability is only possible. In this case, a mention is entered into the appropriate information section regarding commitments and risk, and no allocation is made.

L. Revenue and cost recognition

Provision of services

The Group offers the following services:

- rental and treatment of linen, mattresses and high visibility personal protective equipment;
- rental, treatment and sterilisation of medical devices, linen kits, medical surgical instrumentation devices assembled in kits and related services;
- technical services for clinical engineering and industry;
- marketing services for supplies;
- *global service, project financing of healthcare facilities (construction/renovation, technological infrastructure, clinical engineering, medical-surgical devices, procurement processes).*

Revenues from the provision of services are recognised in the period in which the services are provided, since the customer has benefited from the service (and obtains its control) at the time in which this is provided. The services are paid and invoiced at regular intervals. The contracts are generally long-term and include mechanisms for the regular adjustment of prices usually based on inflation indicators that are recognised in the income statement at the time the adjustments become effective and the corresponding services are provided.

Some contracts also include installation/restructuring activities to be provided at customers' washing and sterilisation facilities. These contracts generally envisage the existence of a single performance obligation, and revenues are recognised throughout the duration of the contract, based on the contractual variables governing the provision of the service. When these services are identified as separate performance obligations with respect to the washing and sterilisation services, the corresponding considerations - allocated to the contractual obligations based on the relative stand alone prices - are recognised according to the progress of completion of the work, calculated according to the costs incurred with respect to the estimate, regularly updated, of the total cost or, alternatively, based on the units delivered. For these contracts, as well as for all those that include multiple performance obligations, the price corresponding to each service is based on the stand alone sale prices. If these prices cannot be directly observed, they are estimated based on the expected cost plus margin.

<u>Sales of goods</u>

Sales of goods are recognised when the control of the products is transferred, that is, when the products are delivered to the customer and there is no unmet obligation that could affect the acceptance of the products by the customer. Delivery is considered completed when the products were delivered to the specified location, the risk of obsolescence and loss was transferred and the customer has accepted the products according to the sale agreement, the terms for acceptance have expired, or the Group has objective proof that all criteria for the acceptance were met.

Revenues and income, costs and expense are recognised net of returns, discounts, allowances and premiums as well as the taxes directly associated with the sale of the goods and the provision of the services.

<u>Other costs and revenues</u>

The costs are correlated to goods and services sold or consumed in the period or deriving from systematic allocation, or when it is not possible to identify the future utility of the same, they are recognised and booked directly to the income statement.

Financial income and expense is recognised on an accruals basis. Financial expense is capitalised as part of the cost of property, plant and equipment and intangible assets to the extent it refers to the purchase, construction or production of the same. Dividends are recognised when the right to collection by the shareholder arises; this normally takes place during the period in which the shareholders' meeting of the associate, which resolves the distribution of profits or reserves, is held.

M. Income taxes

Current income taxes are recognised on the basis of an estimate of the taxable income in compliance with the rates and current provisions, or essentially approved at the year-end date.

Prepaid and deferred taxes are calculated on the timing differences between the value assigned to an asset or liability in the financial statements and the corresponding values recognised for tax purposes, on the basis of the rates in force at the time the timing differences will reverse. Prepaid taxes are only recorded to the extent that it is probable that there is taxable income available against which they can be used. The recoverability of the prepaid taxes recorded in previous years is valued as of closure of each set of financial statements.

When the changes in the assets and liabilities to which they refer are directly recognised under other comprehensive income, the current taxes, prepaid tax assets and deferred tax liabilities are also directly booked to other comprehensive income.

Deferred tax assets and liabilities are offset only if there is a legal right to exercise the offset operation and if it is intended to settle the items on a net basis, or realise the asset and simultaneously extinguish the liability.

N. Earnings per share

The basic earnings per share is calculated by dividing the profit/loss of the Servizi Italia Group by the weighted average of the ordinary shares in circulation during the period, excluding treasury shares. For the purpose of calculating the diluted earnings per shares, the weighted average of the shares in circulation is altered, assuming the conversion of all potential shares, which have a dilutive effect.

O. Use of estimated values

The drafting of the financial statements requires the directors to apply accounting standards and methods, which, under certain circumstances, rest on difficult and subjective valuations and estimates based on past experience and assumptions, which are from time to time considered reasonable and realistic in relation to the related circumstances. The application of these estimates and assumptions influences the amounts shown in the financial statement schedules as well as the disclosure provided. The final results of the financial statement items for which the aforementioned estimates and assumptions have been used, may differ from those shown in the financial statements, which reveal the effects of the occurrence of an event subject to estimation, due to the uncertainty that characterises the assumptions and the conditions on which they are based.

<u>Particularly significant accounting standards</u>

The accounting standards, which, more than others, require greater subjectivity by the directors when making the estimates and for which a change in the conditions underlying the assumptions used could have a significant impact on the restated consolidated economic financial data, are briefly described below.

- *Goodwill: in accordance with the accounting standards adopted for the drafting of the financial statements, the Group checks the goodwill each year so as to ascertain the existence of any impairment to be recognised in the income statement.* In detail, the check involves the allocation of goodwill to cash flow generating units and the subsequent determination of the related recoverable value. If it should emerge as lower than the book value of the cash flow generating units, steps shall have to be taken to impair the goodwill allocated to this. The identification of the cash flow generating units, the allocation of goodwill to these and the forecast of the future cash flows involve the use of estimates, which depend on factors that may change over time with consequent effects, possibly significant, with respect to the valuations made by the directors.
- *Linen asset*: the economic life of the Company's linen used in the production process was estimated by taking into consideration numerous factors that may affect it, such as the wear and tear deriving from use and from the washing cycles. These factors are subject to changes over time and could significantly affect the depreciation of the linen.
- *Deferred taxes: the recognition of deferred tax assets is carried out on the basis of the expectations of income envisaged in future periods.* The valuation of the expected income for the purposes of recognition of the deferred taxation depends on factors that may vary over time and have significant effects on the valuation of the deferred tax assets.
- *Provisions for risks and charges: in the presence of legal and tax-related risks, provisions are recognised in respect of the potential liabilities and risk of losing lawsuits.* The value of the provisions recorded in the financial statements relating to these risks represents the best estimate made by management as at the reporting date. This estimate involves the adoption of assumptions which depend on factors which may change over time and which therefore could have significant

effects with respect to the current estimates made by the directors for the drafting of the consolidated financial statements of the Servizi Italia Group.

- *Revenues from sales and services: the revenues for services underway in relation to contracts, which envisage invoicing of advance payments and the balance on the basis of the data communicated by the customer (days of hospitalisation, number of employees clothed, number of operations), are estimated internally on the basis of the past data supplemented by the most up-to-date information available.* This estimate involves the adoption of hypotheses on the performance of the variable to which the payment is linked.
- *Financial liabilities for put options on minority interests: these are valued at the current value of the disbursement on the date of their exercise.* This estimate is based on the income statement and statement of financial position values taken from long-term plans whose underlying conditions and hypotheses may undergo changes over time with consequent significant impacts on the estimate of the liabilities.

4 Risk management policy

The management of 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 transactions that have strict relevance in the composition of the financial and/or trade assets and liabilities.
The Servizi Italia Group's activities are exposed to various risk types, including interest rate fluctuations and credit, liquidity, cash flow risks and currency-type risks.
To minimise such risks, the Servizi Italia Group has adopted timescales and control methods, which allow the company management to monitor this risk and appropriately inform the Director in charge of the internal control system and (also through him) the Board of Directors.

4.1 Type of risks hedged

When carrying out its activities, the Group is exposed to the following financial risks:

- price risk;
- interest rate risk;
- credit risk;
- liquidity risk;
- exchange rate risk.

Price risk

This is the risk associated with the volatility of the prices of the raw materials and the energy commodity, with particular reference to electricity and gas used in the primary production processes and cotton to which the purchase cost of the linen is partly linked. This risk is also connected to the impossibility of interrupting or suspending the execution of the services, as they are of an essential and non-postponable nature. Therefore, in the context of tender contracts, the Group makes use of clauses that allow it to adjust the price of the services provided in the event of significant changes in costs; the price risk is also controlled through the stipulation of purchase contracts with frozen prices with average annual time horizons to which is added constant monitoring of the price trend in order to identify saving opportunities, hypotheses reflected in the long-term plan of Servizi Italia Group. The risk arising from inflation phenomena in the countries where the Group operates may have an impact on the trade margins; this phenomenon is controlled, when the laws of the countries allow for it, through contractual clauses adjusting the price of the rendered services to inflation; or by maintaining on-going trade relationships with the customers in order to identify activities aimed at not negatively impacting the interests of the parties.

Interest rate risk

the Group's net financial debt primarily comprises short-term payables which, as at 31 December 2021, represent approximately 56% of its debt, at an average annual rate of around 0.42%.In relation to the global financial crisis, the Company is monitoring the market and assessing the appropriateness of taking out hedging transactions on the rates in order to limit the negative impacts of changes in interest rates on the company's income statement.The table below demonstrates the effect that would be generated by a 0.5% increase or decrease in rates (in thousands of Euros).

(thousands of Euros)	0.5% rate increase		0.5% rate decrease	
	31 December 2021	31 December 2020	31 December 2021	31 December 2020
Financial receivables	+48	+60	(48)	(60)
Financial payables	+612	+605	(612)	(605)
Factoring of receivables	+434	+470	(434)	(470)

Credit risk

As receivables are essentially due from public bodies, they are deemed certain in terms of collectability and, due to their nature, are subject to a low risk of loss. Collection times depend on the loans received, the Local Health Authorities, the Hospitals and the Regional Authorities and at present average collection days are 92.

The Group applies the "simplified approach" specified by IFRS 9 to measure the expected losses on receivables. This is based on the estimate of the loss expected for the entire life of trade receivables and contractual activities.

To measure the expected losses on receivables, trade receivables were divided according to their credit risk characteristics, mainly related to the nature of the customer (public or private) and the days to maturity.

The expected loss rates are based on the sale payment profiles in a period of 11 years before 1 January 2021 and the corresponding historical losses on receivables that occurred in this period. The historical loss rates are adjusted to reflect current and expected future information on macroeconomic factors that affect the customers' ability to settle the amounts due.

A summary of trade receivables, net and gross of bad debt provisions, and the stratification by maturity of receivables as at 31 December 2021 is presented below:

(thousands of Euros)	Not yet due	Past due by less than 2 months	Past due by less than 4 months	Past due by less than 12 months	Past due by more than 12 months	Receivables with indications of impairment	Total
Expected loss rate	3.64%	0.27%	0.70%	0.17%	4.30%	82.55%	8.26%
Gross trade receivables	45,181	4,274	4,099	3,315	9,575	4,562	71,005
Loss expected as at 31 December 2021	**1,643**	**11**	**29**	**6**	**412**	**3,766**	**5,866**

The category "Not yet due" includes the receivables for late payment interest that are fully written-off on accrual and until the date of the actual collection.
The credit risk is constantly monitored by means of periodic processing of past due situations which are subject to the analysis of the Group's financial structure. The Group is also equipped with recovery procedures for problem receivables and avails itself of the assistance of legal advisors in the event of disputes being established. Having taken into account the characteristics of the credit, the risk could become more significant in the event of an increase in the private customer component; however, this aspect is mitigated by careful selection and financing of customers. The predominant presence of receivables due from public bodies makes the credit risk absolutely marginal and shifts attention more towards the collection times rather than the possibility of losses.

Liquidity risk

In relation to the Group, the liquidity risk is linked to two main factors:

- delay in payments from the public customer;
- maturity of the short-term loans.

Concentrating its business on orders contracted with the Public Administration Authorities, the Group is exposed to risks associated with delays in payments for receivables. In order to balance this risk, factoring agreements have been entered into with the without recourse formula, renewed also for 2021. To correctly manage the liquidity risk, an adequate level of cash and cash equivalents must be maintained. In light of the predominantly public nature of the group's customers and the average collection times, cash and cash equivalents are mainly obtained from accounts receivable financing and medium-term loans. The loan agreements with Banca Nazionale del Lavoro S.p.A., Banca Crédit Agricole Cariparma S.p.A., Banco BPM S.p.A., Unicredit Banca S.p.A., BPER Banca S.p.A. and Banca Monte dei Paschi di Siena S.p.A. include clauses for the early repayment with respect to the corresponding amortisation plan if certain financial indicators ("covenants") have not been met. As at 31 December 2021, all covenants included in the loan agreements had been met.
The following table analyses the "worst case" scenario with reference to financial liabilities (including trade payables and other payables) in which all the flows indicated are future nominal cash flows, not discounted, calculated according to the residual contractual maturities, both for the principal and for the interest portion. The loans have been included on the basis of the first maturity on which the repayment can be requested and the non-revolving loans are considered callable on demand. Financial payables with a maturity of less than or equal to 3 months are almost entirely characterised by self-liquidating bank loans for invoice advances which, in as such, are replaced on maturity by new advances on newly-issued invoices. It should also be considered that the Group only partially uses the short-term bank credit facilities available.

(thousands of Euros)	Financial payables		Trade and other payables		Total	
	31 December 2021	31 December 2020	31 December 2021	31 December 2020	31 December 2021	31 December 2020
Less than or equal to 3 months	43,122	51,642	65,331	68,306	108,453	119,948
3 to 12 months	35,795	36,312	28,734	25,805	64,529	62,117
1 to 2 years	23,242	24,004	-	-	23,242	24,004
More than 2 years	36,107	35,283	-	-	36,107	35,283
Total	**138,266**	**147,241**	94,065	**94,111**	232,331	**241,352**

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 assessment of exchange rate risk weights the risk of currency fluctuations with the size and time distribution of the cash flows expressed in foreign currency and with the cost of any hedging transactions. The assessments, taking into account the fact that no capital repatriation is expected from abroad in the short term, have led to the decision not to hedge against currency risk.
It should be noted that the scope of consolidation includes subsidiary and associated companies that prepare their financial statements in a currency other than the Euro, the latter being used for the consolidated financial statements. This exposes the Group to translation risks, due to the conversion into Euro of the assets and liabilities of the subsidiaries and associated companies that operate with currencies other than the Euro. The main exposures to foreign exchange translation risk are constantly monitored and, at present, it is not believed necessary to adopt specific hedging policies covering these exposures. The following is a sensitivity analysis of the impacts on consolidated shareholders' equity of the two main currencies other than the Euro used within the scope of consolidation of the Servizi Italia group.

(thousands of Euros)	10% appreciation		10% depreciation	
	31 December 2021	31 December 2020	31 December 2021	31 December 2020
Brazilian Real	3,439	3,326	(2,814)	(2,721)
Turkish Lira	139	333	(113)	(272)
Total relative to consolidated shareholders' equity	**3,578**	**3,659**	**(2,928)**	**(2,993)**

4.2 Fair value hierarchy and information

IFRS 13 requires that the classification of the financial instruments at fair value be determined on the basis of the quality of the sources of the inputs used in the valuation of the fair value, giving priority to the inputs with a higher quality level according to the following hierarchy:

- Level 1: determination of the fair value on the basis of prices listed (unadjusted) on active markets for identical assets or liabilities.
- Level 2: determination of the fair value on the basis of inputs other than the listed prices included in "Level 1" but which are directly or indirectly observable.
- Level 3: determination of the fair value on the basis of measurement models whose inputs are not based on observable market data.

The types of financial instruments present in the financial statement items are shown in the following table, with indication of the accounting treatment applied. Note that no financial instrument has been valued at fair value, except for equity investments in other companies for which, lacking an active market in which such securities are traded, the cost sustained is considered to be the best approximation of the fair value. With regard to the financial instruments valued at amortised cost, it is believed that the book value also represents a reasonable approximation of their valuation at fair value.

(thousands of Euros)	Fair value through profit or loss	Fair value through OCI	Amortised cost
Non-current assets			
Equity investments in other companies	3,305		

Financial receivables	386	3,360
Other assets		3,495
Current assets		
Trade receivables		65,139
Financial receivables		6,087
Other assets		9,585
Non-current liabilities		
Due to banks and other lenders		58,750
Other financial liabilities	388	
Current liabilities		
Due to banks and other lenders		76,251
Trade payables		75,685
Other financial liabilities	1,843	611
Other payables		18,729

4.3 Supplementary information on the capital

The Group's objectives, in relation to the management of the capital and the financial resources, involve safeguarding the ability of the Group to continue to operate with continuity, remunerate the shareholders and the other stakeholders and at the same time maintain an optimum capital structure so as to minimise the related cost.

For the purpose of maintaining or adapting the structure of the capital, the Group may adjust the amount of the dividends paid to the shareholders, reimburse or issue new shares or sell assets to reduce the debt. On a consistent basis with other operators, the Group controls capital on the basis of the debt ratio (Gearing) calculated as the ratio between the net financial debt and net invested capital.

(thousands of Euros)	31/12/2021	31/12/2020	Change	% change
Shareholders' equity (B)	121,119	118,586	2,533	2.14%
Net financial debt[a] (A)	125,697	129,607	(3,910)	-3.02%
Net invested capital (C)	**246,816**	**248,193**	**(1,377)**	**-0.55%**
Gearing (A/C)	**50.9%**	**52.2%**		

[a] The Group 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.

[b] Including the effects of first-time adoption of IFRS 16 on Net Financial Debt.

With regard to the main dynamics, which have affected the debt, see section 6.25.

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 (gloves, masks);

- Sterilisation of surgical instruments (Steril C): this includes (i) the design and supply of washing, packaging and sterilisation services for surgical instruments (owned or rented) as well as accessories for operating rooms, (ii) the design, installation and renovation of sterilisation centres and, (iii) system validation and control services for sterilisation processes and surgical instrument washing systems.

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)	Year ended as at 31 December 2021			
	Wash-hire	**Steril B (Linen Sterilisation)**	**Steril C (Surgical Instruments Sterilisation)**	**Total**
Revenues from sales and services	195,147	18,222	43,324	256,694
Other income	5,421	302	2,706	8,429
Raw materials and materials	(17,792)	(5,382)	(4,255)	(27,429)
Costs for services	(69,931)	(3,406)	(11,412)	(84,749)
Personnel expense	(64,262)	(5,625)	(16,771)	(86,658)
Other costs	(1,153)	(46)	(203)	(1,403)
EBITDA[(a)]	**47,431**	**4,066**	**13,388**	**64,884**
Depreciation, amortisation and impairment	(46,482)	(2,708)	(5,924)	(55,114)
Operating profit (EBIT)	**948**	**1,358**	**7,463**	**9,770**
Financial income and expense and income and expense from equity investments in other companies				(1,596)
Profit before tax				**8,174**
Taxes				(937)
Profit (loss) for the year				**7,237**
Of which portion attributable to shareholders of the parent				*7,500*
Of which portion attributable to non-controlling interests				*(263)*

[(a)] EBITDA is not an accounting measurement under the IFRSs endorsed by the European Union. 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)	Year ended as at 31 December 2020			
	Wash-hire	**Steril B (Linen Sterilisation)**	**Steril C (Surgical Instruments Sterilisation)**	**Total**
Revenues from sales and services	181,038	18,027	41,095	240,160
Other income	3,105	262	2,100	5,467
Raw materials and materials	(17,330)	(6,509)	(3,769)	(27,608)
Costs for services	(59,248)	(3,717)	(13,009)	(75,794)
Personnel expense	(60,478)	(5,406)	(15,743)	(81,627)
Other costs	(2,146)	(91)	(245)	(2,482)
EBITDA[(a)]	**44,941**	**2,567**	**10,430**	**57,938**
Depreciation, amortisation and impairment	(45,856)	(2,447)	(5,762)	(54,065)
Operating profit (EBIT)	**(915)**	**120**	**4,668**	**3,873**
Financial income and expense and income and expense from equity investments in other companies				(2,675)
Profit before tax				**1,198**
Taxes				1,756
Profit (loss) for the year				**2,954**
Of which portion attributable to shareholders of the parent				2,761
Of which portion attributable to non-controlling interests				193

[(a)] EBITDA is not an accounting measurement under the IFRSs endorsed by the European Union. 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) go from Euro 181,038 thousand in 2020 to Euro 195,147 thousand in 2021, recording a growth of 7.8% or 10.6% at constant exchange rates. The growth is supported by the recovery of the Italy area (+9.6% or +10.3% on a like-for-like basis) and by the excellent organic growth of the Brazil and Turkey areas, however offset by a negative exchange rate change (-2.3%). In terms of margins, the wash-hire EBITDA was 24.3% compared to 24.8% in the previous year, and EBIT decreased from -0.5% to 0.5%. While the EBIT *margin* shows a decisive turnaround compared to 2020, also thanks to the positive margins deriving from Brazil and Turkey and the recovery of the domestic healthcare business, the decrease in the EBITDA *margin* was mainly affected by the increase in users in the last quarter, pervasive for all the areas in which the Group operates and which partially offset the benefits deriving from the greater hospitalizations rates and the recovery of ancillary *businesses* such as nursing homes and hotels compared to 2020.

Revenues from **linen sterilization services** (**steril B**) (which in absolute terms represent 7.1% of the Group's revenues) go from Euro 18,027 thousand in 2020 to Euro 18,222 thousand, with an increase of 1.1% due to an increase in the tissue sterilization service in relation to new tenders in the north-east of Italy only partially offset by a lower supply of TNT compared to the previous year. In terms of margins, the linen sterilisation business recorded a decline in the EBITDA margin from 14.2% to 22.3%, as well as in the EBIT margin at 0.7% compared to 7.5% as at 31 December 2021.

Revenues from surgical instrument sterilization services (steril C) (which in absolute terms represent 16.9% of the Group's revenues) go from Euro 41,095 thousand in 2020 to Euro 43,324 thousand in 2021, with an increase of 5.4% mainly due to some new orders in the north-eastern Italy area, as well as the resumption of surgical interventions compared to the previous year. It is precisely the greater hospitalizations rate and the growth in surgical interventions that have driven the recovery of the margins of the line which again proves to be the segment with the highest margins. The EBITDA *margin*, in fact, went from 25.4% to 30.9% at 31 December 2021, while the EBIT *margin* went from 11.4% to 17.2% at 31 December 2021.

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

(thousands of Euros)	31 December 2021			
	Wash-hire	**Steril B (Linen Sterilisation)**	**Steril C (Surgical Instruments Sterilisation)**	**Total**
Total revenues from sales and services	**195,147**	**18,222**	**43,324**	**256,694**
Investments in property, plant and equipment and intangible assets	52,674	1,646	3,707	58,026
Depreciation of property, plant and equipment and amortisation of intangible assets	46,377	2,698	5,543	54,617
Net book value of property, plant and equipment and intangible assets	142,763	3,633	21,407	167,803

(thousands of Euros)	31 December 2020			
	Wash-hire	**Steril B (Linen Sterilisation)**	**Steril C (Surgical Instruments Sterilisation)**	**Total**
Total revenues from sales and services	**181,038**	**18,027**	**41,095**	**240,160**
Investments in property, plant and equipment and intangible assets	48,521	2,830	3,684	55,035
Depreciation of property, plant and equipment and amortisation of intangible assets	44,814	2,447	5,752	53,013
Net book value of property, plant and equipment and intangible assets	146,973	4,353	22,733	174,059

As things stand, the disclosure regarding the book value of the segment assets and liabilities is deemed insignificant.

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	Fixed assets under constr.	Total
Historical cost	43,235	154,575	34,333	66,743	152,808	5,713	457,407
Accumulated amortisation	(5,774)	(99,740)	(23,955)	(52,262)	(100,101)	-	(281,832)
Balance as at 1 January 2020	**37,461**	**54,835**	**10,378**	**14,481**	**52,707**	**5,713**	**175,575**
Translation differences	(809)	(5,033)	(506)	(244)	(3,134)	(465)	(10,191)
Increases	1,217	4,598	328	3,926	40,322	5,444	55,835
Decreases	(124)	(61)	-	(35)	(511)	(292)	(1,023)
Amortisation	(3,380)	(8,501)	(1,803)	(5,037)	(32,654)	-	(51,375)
Impairments (reinstatements)	-	-	-	-	-		-
Reclassifications	-	2,347	804	432	244	(3,827)	-
Balance as at 31 December 2020	**34,365**	**48,185**	**9,201**	**13,523**	**56,974**	**6,573**	**168,821**
Historical cost	43,192	153,244	34,477	69,932	157,661	6,573	465,079
Accumulated amortisation	(8,827)	(105,059)	(25,276)	(56,409)	(100,687)	-	(296,258)
Balance as at 31 December 2020	**34,365**	**48,185**	**9,201**	**13,523**	**56,974**	**6,573**	**168,821**
Translation differences	(165)	(1,809)	12	8	(203)	24	(2,133)
Increases	991	5,944	541	3,395	44,454	3,330	58,655
Decreases	(3,470)	(3,192)	(15)	(399)	(1,701)	(144)	(8,921)
Amortisation	(3,217)	(8,099)	(1,570)	(4,843)	(35,367)	-	(53,096)
Impairments (reinstatements)	-	-	-	-	-		-
Reclassifications	1	1,041	243	635	1,089	(3,009)	-
Balance as at 31 December 2021	**28,505**	**42,070**	**8,412**	**12,319**	**65,246**	**6,774**	**163,326**
Historical cost	39,263	149,532	35,262	70,666	169,995	6,774	471,492
Accumulated amortisation	(10,758)	(107,462)	(26,850)	(58,347)	(104,749)	-	(308,166)
Balance as at 31 December 2021	**28,505**	**42,070**	**8,412**	**12,319**	**65,246**	**6,774**	**163,326**

The item Translation difference refers to the variations in exchange rates for Brazilian companies (Lavsim Higienização Têxtil S.A., Maxlav Lavanderia Especializada S.A., Vida Lavanderias Especializada S.A. and SRI Empreendimentos e Participações Ltda. and Aqualav Serviços De Higienização Ltda) and Turkish ones (Ankateks Turizm İnşaat Tekstil Temizleme Sanayi ve Ticaret Ltd Şirketi e Ergülteks Temizlik Tekstil Ltd. Sti.).

Notes on the main changes:

Land and buildings

The item Land and Buildings shows a decrease of Euro 3,470 thousand, of which Euro 3,388 thousand relating to the sale of the workwear business unit by the Parent Company, which included among the activities sold, the plant located in Barbariga (Brescia).

Plant and machinery

Increases under the item Plant and machinery in 2021 amount to Euro 5,944 thousand and mainly regard investments in plants located throughout Italy for Euro 4,746 thousand, in the plants in Brazil for Euro 334 thousand and in the plants in Turkey for Euro 864 thousand.
The decrease in the item is mainly attributable to the sale of the workwear business unit by the Parent Company, which also included plant and machinery.
In addition, the item presents reclassifications during the year for plants that came into operation during the year for Euro 1,041 thousand, mainly attributable to the Parent Company.

Returnable assets

These mainly refer to investments made at customers to construct and renovate existing plants used for washing and sterilisation activities. Therefore, the Group maintains control over, obtains benefits from and bears the operating risks of these plants. The entity maintains ownership of the plants at the end of the wash-hire/washing/sterilisation contract. On the basis of contractual commitments, the Group bore the cost of the partial renovation and expansion of the industrial laundry facilities owned by the contracting entities, to increase the efficiency of the rented linen washing and sanitation service. These costs have been amortised in accordance with the amortisation schedules linked to the duration of the existing contract with the contracting entities, when less than the useful life of the completed works.
The increases mainly relate to redevelopment of the properties where the leased production sites are located and improvements to upgrade the existing plants used for the performance of activities, of which Euro 473 thousand in Italy.

Industrial and commercial equipment

Investments recognised under Industrial and commercial equipment in 2021, equal to Euro 3,395 thousand, regard the purchase of equipment for use by the Italian (Euro 3,071 thousand) and Brazilian (Euro 324 thousand).

Other assets

The item is broken down as follows:

(thousands of Euros)	as at 31 December 2021	as at 31 December 2020
Linens and mattresses	61,378	52,411
Furniture and fixtures	203	246
Electronic machinery	1,647	1,660
Cars	31	18
Motor vehicles	477	334
Telephone switchboards	25	37
Other	425	734
Rights of use for cars and motor vehicles	1,060	1,534
Total	**65,246**	**56,974**

As at 31 December 2021, the balance of the item Other assets was equal to Euro 65,246 thousand.
The investments made during the year mainly derive from purchases of linen and mattresses, which totalled Euro 39,875 thousand, of which Euro 5,556 thousand in Brazil and Euro 34,319 thousand in Italy. These investments allow for increasingly efficient management of the warehouse supplied, so as

to deal with both a partial renewal of contracts and a first supply for contracts acquired during the year in question.

Assets under construction

These are primarily investments underway at the end of 2020. During the year, there were increases for Euro 5,444 thousand and completed investments for Euro 3,827 thousand.
The item is broken down as follows as at 31 December 2021:

(thousands of Euros)	as at 31 December 2021	as at 31 December 2020
Sterilisation centre investments	633	1,096
Laundering facility investments	1,047	1,312
Investments on contracts	1,462	2,131
Investments at production sites in Brazil	3,613	2,001
Investments at production sites in Turkey	19	33
Total	**6,774**	**6,573**

Investments for laundries by Servizi Italia S.p.A. and by the Brazilian and Turkish companies mainly regarded the acquisition and/or upgrading of plants and machinery for the washing line.
The investments for sterilization centres made by the Parent Company in 2021 mainly concern the purchase of machinery for the sterilization centres.
Investments in Brazil recorded an increase of Euro 1,273 thousand during the year and mainly relate to investments in the construction of the sterilization centre located in São Paulo.
In the reclassifications of Fixed assets in progress, decreases of Euro 3.009 thousand are reported mainly relating to:

- for Euro 582 thousand for the start-up of the Tradate sterilisation plant by the Parent Company;
- for Euro 1,832 to the entry into operation of investments referring to the start-up of contracts, mainly relating to the Italian north-west area, by the Parent Company.

6.2 Intangible assets

This item changed as follows:

(thousands of Euros)	Trademarks, software, patents and intellectual property rights	Customer contracts portfolio	Other intangible assets	Assets under construction and payments on account	Total
Historical cost	6,817	8,368	624	266	16,075
Accumulated amortisation	(5,261)	(4,788)	(125)	-	(10,174)
Balance as at 1 January 2020	**1,556**	**3,580**	**499**	**266**	**5,901**
Translation differences	(68)	-	(138)	(3)	(209)
Increases	602	-	547	35	1,184
Decreases	-	-	-	-	-
Amortisation	(779)	(490)	(369)	-	(1,638)
Impairments (reinstatements)	-	-	-	-	-
Reclassifications	173	-	-	(173)	-
Balance as at 31 December 2020	**1,484**	**3,090**	**539**	**125**	**5,238**
Historical cost	7,173	8,368	989	125	16,678
Accumulated amortisation	(5,689)	(5,278)	(450)	-	(11,417)
Balance as at 31 December 2020	**1,484**	**3,090**	**539**	**125**	**5,238**
Translation differences	(11)	-	2	-	(9)
Increases	547	-	-	230	777
Decreases	(5)	-	-	-	(5)

Amortisation	(688)	(474)	(362)	-	(1,524)
Impairments (reinstatements)	-	-	-	-	-
Reclassifications	15	-	-	(15)	-
Balance as at 31 December 2021	**1,342**	**2,616**	**179**	**340**	**4,477**
Historical cost	7,712	8,368	991	340	17,411
Accumulated amortisation	(6,370)	(5,752)	(812)	-	(12,934)
Balance as at 31 December 2021	**1,342**	**2,616**	**179**	**340**	**4,477**

The item Trademarks, Software, Patents and Intellectual Property Rights represents software purchases for Euro 547 thousand (of which Euro 425 thousand for Servizi Italia S.p.A.).

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:

(thousands of Euros)	as at 31 December 2020	Increases/ (Decreases)	Translation differences	as at 31 December 2021
CGU Italy	51,668	-	-	51,668
CGU Turkey	7,517	-	(3,020)	4,497
CGU Brazil	6,454	-	65	6,519
Total	**65,639**	-	**(2,955)**	**62,684**

The change in the financial year is attributable to exchange differences from the translation into Euros of goodwill arising from acquisitions in Brazil and Turkey.
With the exception of the portion of goodwill relating to CGU Steritek (surgical instrument sterilisation operating segment), all other goodwill is included in the wash hire operating segment, as defined for the purposes of the sector reporting required by IFRS 8.
The impairment test is carried out by comparing the overall book value of each goodwill and total net assets, that are autonomously able to produce cash flows (CGU) and to which said value can be reasonably allocable, with the greater value between the one used for the CGU and the value that is recoverable through sale. In detail, the value in use is determined by applying the "discounted cash flow" method, discounting back the operating flows emerging from economic-financial projections relating to a period of five years. The long-term plans, which have been used for the impairment tests, were approved in advance by the Boards of Directors of the subsidiaries and/or by the parent company Servizi Italia S.p.A. The basic hypotheses of the plans used reflect past experience, the information gathered at the time of acquisition on the Brazilian/Turkish markets and are consistent with the available external sources of information. The Group has taken into consideration, with reference to the period in question, the expected performance resulting from the business plan set up for the 2022-2026 period.
The terminal value is determined by applying a perpetual growth factor of 1.39% (IMF, October 2021) for the Italy CGU, of 3.06% (IMF, October 2021) for the Brazil CGU and 12.50% (IMF, October 2021) for the Turkey CGU (these rates are essentially representative on the one hand of the inflation rate expected in Italy, Brazil and Turkey to which the prices of services offered are indexed). The discounting rates used to discount the cash flows of the CGUs located in Italy are 5.99% (5.79% in the previous year), 9.66% for the Brazil CGU (9.47% in the previous year) and 20.02% for the Turkey CGU (16.61% in the previous year). These rates reflect the current valuations of the market with reference to the current value of money and the specific risks associated with the activities. The discount rates have been

estimated, after taxes, on a consistent basis with the cash flows considered, by means of the determination of the weighted average cost of the capital (WACC).
A sensitivity analysis was carried out on the recoverability of the book value of goodwill amounts based on changes in the main assumptions that were used to calculate the value in use, also in consideration of the prudent approach used to select the above financial parameters. The analysis carried out showed that, to make the book value equal to the recoverable value, the following would be necessary:

- for the Servizi Italia CGU: (i) a growth rate for the terminal values of 0.47 percentage points or (ii) a WACC of 6.74 percentage points or (iii) an annual reduction in the reference EBIT of 15.39%, all the while maintaining the other assumptions of the plan unchanged.
- For the Steritek CGU: (i) a growth rate for the terminal values of -43.63 percentage points or (ii) a WACC of 20.57 percentage points or (iii) an annual reduction in the reference EBIT of 77.04%, all the while maintaining the other assumptions of the plan unchanged.
- For the Wash Service CGU: (i) a growth rate for the terminal values of -0.78 percentage points or (ii) a WACC of 8.00 percentage points or (iii) an annual reduction in the reference EBIT of 28.10%, all the while maintaining the other assumptions of the plan unchanged.
- For the Ekolav CGU: (i) a growth rate for the terminal values of -2.49 percentage points or (ii) a WACC of -8.67 percentage points or (iii) an annual reduction in the reference EBIT of 40.38%, all the while maintaining the other assumptions of the plan unchanged.
- For the Brazil CGU, in order to make the book value equal to the recoverable value, the following would be necessary: (i) a growth rate for the terminal values of -5.30 percentage points or (ii) a WACC of 14.71 percentage points or (iii) a 48.81% annual reduction of the reference EBIT, keeping the other assumptions of the plan unchanged.
- For the Turkey CGU, in order to make the book value equal to the recoverable value, the following would be necessary: (i) a growth rate for the terminal values of 11.25 percentage points or (ii) a WACC of 20.97 percentage points or (iii) a 11.64% annual reduction of the reference EBIT, keeping the other assumptions of the plan unchanged.

With reference to 31 December 2021 and the previous years, the impairment tests carried out did not reveal any impairments to be booked to the recorded goodwill.

6.4 Equity-accounted investments

The value of equity-accounted investments changed as follows:

(thousands of Euros)	1 January 2021	Increases/ Decreases	Reclassifications	OCI changes	Revaluations/ Impairment	Translation differences	31 December 2021
Saniservice Sh.p.k.	(104)	-	-	-	238	1	135
Finanza & Progetti S.p.A.	10,026	-	-	650	1,954	-	12,630
Brixia S.r.l.	2,618	-	-	-	(112)	-	2,506
Arezzo Servizi S.c.r.l.	5	-	-	-	-	-	5
CO.SE.S S.c.r.l. in liquidation	-	-	-	-	-	-	-
PSIS S.r.l.	3,662	-	-	-	394	-	4,056
Steril Piemonte S.c.r.l.	1,973	-	-	-	7	-	1,980
AMG S.r.l.	2,379	(95)	-	-	91	-	2,375
Iniziative Produttive Piemontesi S.r.l.	1,063	38	-	-	73	-	1,174
Piemonte Servizi Sanitari S.c.r.l.	3	-	-	-	-	-	3
Servizi Sanitari Integrati Marocco S.a.r.l.	138	-	-	-	39	6	183
SAS Sterilizasyon Servisleri A.Ş.	839	510	-	-	42	(494)	897

Shubhram Hospital Solutions Private Limited	(1,995)	71	-	-	(432)	(142)	(2,498)
Sanitary cleaning Sh.p.k.	1,444	-	-	-	61	37	1,542
StirApp S.r.l in liquidation	432	-	-	-	(432)	-	-
Total	**22,483**	**524**	**-**	**650**	**1,923**	**(592)**	**24,988**
of which recognised among provisions for risk and charges	(2,099)	71	104	-	(432)	(142)	(2,498)
of which recognised among equity-accounted investments	24,582	453	(104)	650	2,355	(450)	27,486

The revaluations and write-downs include the portions of profits and losses recorded by the investees in the financial year.
The main changes relating to the item Equity investments carried at equity concern the increases in capital increases carried out in favour of the jointly controlled company SAS Sterilizasyon Servisleri A.Ş. equal to Euro 510 thousand and Shubhram Hospital Solutions Private Limited for Euro 71 thousand.
It should be noted that the negative results recorded in the financial year by Shubhram Hospital Solutions Private Limited for Euro 432 thousand is mainly attributable to the temporary slowdown in operating activities compared to the same period of the previous year, due to the consequences of the Covid-19 pandemic crisis. The negative change of Euro 432 thousand relating to the investment in Stirapp S.r.l. in liquidation, refers to the write-down of the investment. The company was in fact placed into liquidation pursuant to art. 2484 paragraph 6) of the Italian Civil Code on 22 September 2021.
It should be noted that the positive results recorded in the year represented by the revaluations net of the write-downs are mainly attributable to the results achieved by the Finanza e Progetti Group and by the result recorded by the companies PSIS S.r.l. and Saniservice Sh.p.k.
The item OCI changes, positive for Euro 650 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.).
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.
The analyses carried out by management, taking into account the future prospects of these equity investments, the contracts in the portfolio and the nature of the business, did not reveal any indicators of impairment.
The total values of the current and non-current assets, current and non-current liabilities, revenues, costs and profit/loss of the equity investments carried at equity are shown below:

(thousands of Euros)	Currency	Shareholders' equity	Non-current assets	Current assets	Non-current liabilities	Current liabilities	Revenues	Costs	Profit/ (Loss)
SAS Sterilizasyon Servisleri A.Ş.	TRY	26,786	15,279	17,031	-	5,524	32,684	(31,831)	853
Saniservice Sh.p.k.	LEK	853	1,680,169	407,613	784,415	1,248,871	1,335,144	(1,237,716)	97,428
Shubhram Hospital Solutions Private Limited	INR	(412,711)	862,219	117,691	381,267	1,011,354	369,084	(443,200)	(74,116)
Finanza & Progetti S.p.A.	EUR	22,448	115,976	28,980	1,088	121,420	54,995	(49,726)	5,269
Arezzo Servizi S.c.r.l.	EUR	10	320	1,336	-	1,646	2,304	(2,304)	-
PSIS S.r.l.	EUR	8,111	9,826	4,058	1,694	4,079	8,244	(7,457)	787
Steril Piemonte S.c.r.l.	EUR	3,960	2,232	1,756	-	28	646	(631)	15
AMG S.r.l.	EUR	2,657	1,415	2,670	677	751	3,745	(3,564)	181
Iniziative Produttive Piemontesi S.r.l.	EUR	1,869	634	4,619	484	2,900	5,374	(5,178)	196

Brixia S.r.l.	EUR	64	-	5,484	-	5,420	19,356	(19,340)	16
Servizi Sanitari Integrati Marocco S.a.r.l.	MAD	2,806	500	2,372	-	66	826	(24)	802
Piemonte Servizi Sanitari s.c.r.l.	EUR	10	(24)	1,576	-	2,647	1,389	(1,389)	-
Sanitary Cleaning Sh.p.k.	LEK	92,503	16,323	91,815	2,543	13,092	147,033	(128,142)	18,891
StirApp S.r.l in liquidation	EUR	122	396	174	296	152	174	(527)	(353)

The overall values of cash and cash equivalents, current and non-current financial liabilities, impairments and amortisation/depreciation, interest income, interest expense and income taxes of the joint ventures as at 31 December 2021 are presented below:

(thousands)	Currency	Cash and cash equivalents	Current fin. liabilities	Non-current fin. liabilities	Impairments and amortisation/depreciation	Interest income	Interest expense	Income taxes
SAS Sterilizasyon Servisleri A.Ş.	TRY	2,979	1,697	-	3,483	35	-	(305)
Shubhram Hospital Solutions Private Limited	INR	11,260	907,813	381,267	143,049	1,477	33,876	-
Saniservice Sh.p.k.	LEK	147,336	252,019	784,415	376,379	-	84,761	32,488
Servizi Sanitari Integrati Marocco S.a.r.l.	MAD	2,183	-	-	-	1	1	-
Finanza & Progetti S.p.A.	EUR	14,654	60,087	-	11	11	1,662	2,177
Arezzo Servizi S.c.r.l.	EUR	1	72	-	243	-	7	9
PSIS S.r.l.	EUR	737	1,000	-	938	1	66	9
Sanitary Cleaning Sh.p.k.	LEK	6,090	-	2,543	3,839	55	294	3,403
Steril Piemonte S.c.r.l.	EUR	692	-	-	595	-	-	-
AMG S.r.l.	EUR	974	-	-	380	-	1	68

6.5 *Equity investments in other companies*

The item changed as follows in 2021:

(thousands of Euros)	31-dec-2020	Increases	Impairments/ Decreases	31-Dec-2020
Asolo Hospital Service S.p.A.	66	-	-	66
Prosa S.p.A.	462	-	-	462
PROG.ESTE S.p.A.	1,212	-	-	1,212
Progeni S.p.A.	76	-	-	76
Sesamo S.p.A.	353	-	-	353
Synchron Nuovo San Gerardo S.p.A.	344	-	-	344
Spv Arena Sanità	278	-	-	278
Futura S.r.l.	89	-	-	89
CNS – Consorzio Nazionale Servizi Soc. Coop. a r.l	63	-	-	63
Skopster Doo Skopje	1	287	-	288
Other	74	-	-	74
Total	**3,018**	**287**	**0**	**3,305**

This item includes the increase of Euro 287 thousand relating to the recognition of the fair value relating to the equity investment in Skopster Doo Skopje in line with the provisions of the IFRS9 standard.

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. These shareholdings have been valued at purchase or founding cost, since there is no active market for these securities which, for the most part, cannot even be freely transferred to third parties given that they are subject to rules and agreements which in fact prevent free circulation. This valuation method is in any case believed to approximate the fair value of each investment.

The total values of the assets, liabilities, revenues and profit/loss, on the basis of the last set of available financial statements, of the main equity investments in other companies held by the Company are presented below, along with related shareholding held as at 31 December 2021:

(thousands of Euros)	Registered office	Assets	Liabilities	Revenues	Profit/ (Loss)	Interest of equity investment
Asolo Hospital Service S.p.A.	Asolo (Treviso)	85,783	74,944	38,116	3,952	1.00%
Prosa S.p.A.	Carpi (Modena)	7,735	1,896	1,562	738	13.20%
Progeni S.p.A.	Milan	251,627	248,928	45,963	943	0.76%
Sesamo S.p.A.	Carpi (Modena)	35,259	30,872	17,838	1,247	12.17%
Prog.este. S.p.A.	Carpi (Modena)	209,935	206,543	39,584	182	10.14%

6.6 Non-current financial receivables

The item in question changed as follows in 2021:

(thousands of Euros)	as at 31 December 2021	as at 31 December 2020
Sesamo S.p.A.	-	-
Psis S.r.l.	158	158
Progeni S.p.A.	-	-
Prog.Este S.p.A.	531	531
Saniservice Sh.p.K.	769	4,000
Summano Sanità S.p.A.	2	2
Futura S.r.l.	-	20
Arena Sanità S.p.A.	244	261
IDSMED Servizi Pte	386	360
Skopster DOO Skopie	-	162
Syncron S.p.A.	169	169
Shubhram Hospital Solutions Private Limited	367	-
Finanza e Progetti S.p.A.	1,120	-
Total	**3,746**	**5,663**

Financial receivables refer to the interest-bearing loans granted to the companies Prog.Este. S.p.A. (rate equal to 7.46%), Summano Sanità S.p.A. (rate equal to 6.25%), Arena Sanità S.p.A. (rate 3.7% plus 6-month Euribor) and Synchron S.p.A. (rate 8%) and Finanza e Progetti S.p.A. (rate 9.0%), with a term equal to the global service agreements for which the companies were established (expiring on 31 December 2031, 30 June 2031, 20 August 2032, 31 July 2044 and 31 December 2032 respectively), as well as the loans granted to investee companies Saniservice Sh.p.K. and Piemonte Servizi Sanitari S.c.r.l. The increase of Euro 367 thousand relates to the subscription of equity financial instruments with the company Shubhram Hospital Solutions Private Limited. It should be noted that, following the definition of a guaranteed minimum price related to the right of sale pertaining to Servizi Italia (as well as the right to purchase pertaining to the majority shareholder) in reference to 5% of the shares held in the company IDSMED Servizi Pte, a fair value of Euro 386 thousand was recorded. The exercise of the right of sale, estimated as highly probable, is expected in December 2023.

6.7 *Deferred tax assets*

This item changed as follows:

(thousands of Euros)	Share capital increase costs	Leasing contracts	Property, plant and equipment	Employee benefits	Previous tax losses/"ACE" carried forward	Other costs with deferred deductibility	Total
Deferred taxes as at 1 January 2020	**15**	**201**	**914**	**182**	**2,798**	**850**	**4,960**
Changes recognised in the income statement	(5)	148	(288)	54	3,346	184	3,439
Changes recognised in other comprehensive income	-	(22)	-	(17)	-	(269)	(308)
Deferred taxes as at 31 December 2020	**10**	**327**	**626**	**219**	**6,144**	**765**	**8,091**
Changes recognised in the income statement	(2)	85	(58)	(65)	320	50	330
Changes recognised in other comprehensive income	-	(3)	-	(2)	-	(67)	(72)
Deferred taxes as at 31 December 2021	**8**	**409**	**568**	**152**	**6,464**	**748**	**8,349**

Deferred tax assets referring to property, plant and equipment represent the deferred taxation related to the ordinary process of depreciation of the linen. The prepaid tax assets on the tax losses increased mainly for the effects, on the tax base of the Parent Company and of the Italian subsidiaries, of the deductions on the investments in capital goods (known as "hyper and super-amortisation") and the corporate income tax deduction "ACE". The prepaid tax assets on the tax losses are recoverable with the taxable income forecasts in the business plans prepared for the different CGUs for the 2022-2026 period and already used for impairment testing purposes.

6.8 *Other non-current assets*

The item is broken down as follows:

(thousands of Euros)	as at 31 December 2021	as at 31 December 2020
Substitute tax Italian Decree Law 185/2008 subsequent years	1,931	2,642
Receivables for IRES reimbursement request pursuant to Art. 2 par. 1-quater Italian Decree Law no. 201	-	175
Aqualav receivable in *escrow account*	1,271	1,258
Other non-current assets	293	267
Total	**3,495**	**4,342**

The decrease in the item regards releases to the income statement for goodwill released pursuant to Art. 15 of Italian Decree Law 185/2008, following the mergers by incorporation in prior years. Releases of substitute taxes paid, recognised in the income statement item current taxes, take place during the period of time in which the Parent Company benefits from the tax deduction for the portion of goodwill recognised.

The increase of the receivable in escrow account towards the shareholders selling Aqualav Serviços De Higienização Ltda is due to the devaluation of the Brazilian Real.

6.9 *Inventories*

Inventories at year-end primarily included disposable washing products, chemical products, packaging, spare parts and consumables. In the current year, unlike previous years, the Parent Company made write-downs to the value of inventories equal to Euro 237 thousand in order to adjust the cost value recorded to the presumed realizable value.

6.10 Trade receivables

The item is broken down as follows:

(thousands of Euros)	as at 31 December 2021	as at 31 December 2020
Due from third parties	58,638	57,501
Due from associates and joint ventures	5,911	5,295
Due from parent company	78	98
Receivables from companies under the control of the parent companies	512	80
Total	**65,139**	**62,974**

Trade receivables due from third parties

The item is broken down as follows:

(thousands of Euros)	as at 31 December 2021	as at 31 December 2020
Due from customers	64,504	63,299
Bad debt provision	(5,866)	(5,798)
Total	**58,638**	**57,501**

During the year, the Servizi Italia Group carried out some transactions involving the disposal of the receivables described below:

- trade receivables were assigned without recourse to Credem Factor S.p.A. for a total of Euro 20,284 thousand, in exchange for a consideration equal to Euro 20,242 thousand;
- trade receivables were assigned without recourse to Unicredit Factoring S.p.A. for a total of Euro 42,378 thousand, in exchange for a consideration equal to Euro 42,301 thousand;
- trade receivables were assigned without recourse to Ifitalia S.p.A. for a total of Euro 21,646 thousand, in exchange for a consideration equal to Euro 21,617 thousand;
- trade receivables were assigned without recourse to Emilia Romagna Factor S.p.A. for a total of Euro 2,425 thousand, in exchange for a consideration equal to Euro 2,422 thousand.

The bad debt provision changed as follows in 2020 and 2021:

(thousands of Euros)	
Balance as at 1 January 2020	**6,289**
Utilisations	(816)
Adjustments	(186)
Provisions	511
Balance as at 31 December 2020	**5,798**
Utilisations	(145)
Adjustments	(14)
Provisions	227
Balance as at 31 December 2021	**5,866**

Trade receivables due from associates, joint ventures and parent company

The balance as at 31 December 2021 of trade receivables due from associates and jointly controlled companies, equal to Euro 5,911 thousand, consists of trade receivables mainly from the companies Ospedal Grando S.p.A. for Euro 3,497 thousand and Saniservice Sh.p.k. for Euro 1,369 thousand.
Furthermore, there is a credit balance due from the parent company Coopservice Soc.Coop. p.A. for Euro 78 thousand and a balance of Euro 512 thousand from companies under the control of parent companies.

6.11 Current tax receivables

The item is broken down as follows:

(thousands of Euros)	as at 31 December 2021	as at 31 December 2020
Tax receivables	1,872	2,019
Total	**1,872**	**2,019**

This item mainly includes the amount exceeding the receivables for advances on the current taxes of 2021, net of related tax payables.

6.12 Current financial receivables

The item in question changed as follows in 2021:

(thousands of Euros)	as at 31 December 2021	as at 31 December 2020
Asolo Hospital Service S.p.A.	253	251
P.S.I.S. S.r.l.	529	3,841
Arezzo Servizi S.c.r.l.	402	402
Iniziative Produttive Piemontesi S.r.l.	53	90
Gesteam S.r.l.	312	325
Skopster DOO Skopje	202	0
Saniservice Sh.p.k.	3,372	880
Coopservice Soc. Coop.	481	0
Other	483	732
Total	**6,087**	**6,521**

Financial receivables are for loans granted to the companies indicated above, which are due within the year or repayable on demand. The decrease compared to 31 December 2020 is mainly due to the partial repayment of the loan granted to the company PSIS S.r.l. and to the reclassification from non-current to current of the loan to Saniservice Sh.p.k.

6.13 Other current assets

The item is broken down as follows:

(thousands of Euros)	as at 31 December 2021	as at 31 December 2020
Due from others	8,034	8,056
Deferred income	1,360	1,478
Guarantee deposits receivable	191	214
Accrued income	-	4
Total	**9,585**	**9,752**

The item Receivables from others is composed of the receivables of the subsidiary San Martino 2000 from the consortium company Servizi Ospedalieri S.p.A. in the amount of Euro 897 thousand, the VAT receivable for Euro 4,711 thousand (Euro 4,674 thousand as at 31 December 2020) and, for the remaining part, mainly by advances and receivables from social security and welfare institutions, all collectable within the year. The item Prepayments relates to rentals and insurance premiums that were recognised at the beginning of the year. The item Guarantee deposits refers to energy utilities and rentals.

6.14 Cash and cash equivalents

The item is broken down as follows:

(thousands of Euros)	as at 31 December 2021	as at 31 December 2020
Bank and postal deposits	3,196	4,419
Cheques	-	-
Cash in hand	21	22
Total	**3,217**	**4,441**

6.15 Shareholders' equity

Share Capital and reserves

Share capital (fully underwritten and paid up) of Servizi Italia S.p.A. was equal to Euro 31,809,451, represented by 31,809,451 ordinary shares with a par value of Euro 1.00 each.
In 2021, the Parent Company purchased 449,948 treasury shares for Euro 1,004 thousand, equal to 1.41% of the share capital, with an average purchase price of Euro 2.23 per share. Following these transactions, the Parent Company held 2,000,408 treasury shares equal to 6.29% of the share capital as at 31 December 2021. Their nominal amount as at 31 December 2021, of Euro 5,614 thousand, was classified as a decrease to share capital for their nominal value, equal to Euro 2,000 thousand, and the value exceeding the nominal amount, totalling Euro 3,613 thousand, was recognised as a reduction in the share premium reserve.
There was also a negative effect, referred to the financial year, for Euro 3.820 thousand, on the translation reserves for the assets of subsidiaries consolidated with the equity method that prepare their financial statements in foreign currency. The effect relates to the revaluation of the Brazilian Real and the devaluation of the Turkish Lira as well as the translation change relating to foreign companies valued according to the equity method.
Following the identification of a differential between the market capitalization and the shareholders' equity of the Group as at 31 December 2021, taking note of the same as an impairment indicator, the management considered it reasonable to carry out, as recommended by the best valuation practices, a level II impairment test.
The Level II impairment test determined an Enterprise Value that shows the complete recoverability of the assets of the Servizi Italia Group.

6.16 Due to banks and other lenders

The item is broken down as follows:

(thousands of Euros)	as at 31 December 2021			as at 31 December 2020		
	Current	Non-current	Total	Current	Non-current	Total
Bank borrowing	72,833	31,398	**104,231**	80,563	26,574	**107,137**
Payables due to other lenders	3,418	27,352	**30,770**	3,744	29,688	**33,432**
Total	**76,251**	**58,750**	**135,001**	**84,307**	**56,262**	**140,569**

Bank borrowing

The portion of the payable falling due within 12 months relating to the item Due to banks as at 31 December 2021 presents a decrease with respect to 31 December 2020 of Euro 7,730 thousand as a result of lower recourse to self-financing credit lines.

The portion of the payable falling due beyond 12 months relating to the item Due to banks as at 31 December 2021 presents an increase with respect to 31 December 2020 of Euro 4,824 thousand. This increase is related to the Parent Company's reclassification to short-term of the mortgage instalments due within the subsequent 12 months and the opening of new unsecured mortgages with Cassa Depositi e Prestiti S.p.A. for Euro 15,000 thousand (residual borrowing due after 12 months equal to Euro 7,500), Banco BPM S.p.A. for Euro 10,000 (residual borrowing due after 12 months equal to Euro 5,333 thousand), Credit Agricole S.p.A. for Euro 5,000 thousand (residual borrowing due after 12 months equal to Euro 3,137 thousand) and BPER Banca S.p.A. for Euro 10,000 thousand (residual borrowing due after 12 months equal to Euro 6,697 thousand), aimed at maintaining a proper balance between short and medium-term borrowing.

Financial covenants

Some loans envisage respect of certain financial indicators (covenants) to maintain the benefit of the term, summarised below by bank counterpart:

	NFP/Shareholders' equity	NFP/EBITDA
Unicredit	< 2.0	< 3.0
Banco BPM	< 2.0	< 2.0
Banco BPM	< 2.0	< 3.0
Banca Crédit Agricole Cariparma	< 1.8	< 2.8
Banca Crédit Agricole Cariparma	< 2.0	< 3.0
BPER Banca	< 1.5	< 2.75
Cassa Depositi e Prestiti	< 2.0	< 3.0
Banca Monte dei Paschi di Siena	< 2.0	< 3.0

Note that the Net Financial Position (NFP) and EBITDA envisaged by the loan agreements represent alternative performance indicators not defined by the reference accounting standards and may therefore differ from the similar figures defined by management of Servizi Italia and reported in the financial disclosures. As at 31 December 2021, all covenants had been met.

Amounts due to banks are shown below by maturity:

(thousands of Euros)	as at 31 December 2021	as at 31 December 2020
Maturity less than or equal to 6 months	52,953	64,580
Maturity between 6 and 12 months	19,880	15,986
Maturity between 1 and 5 years	31,398	26,574
More than 5 years	-	-
Total	**104,231**	**107,140**

Non-current amounts due to banks are broken down by maturity as follows:

(thousands of Euros)	as at 31 December 2021	as at 31 December 2020
1 to 2 years	20,024	18,018
Maturity between 2 and 5 years	11,374	8,556
More than 5 years	-	-
Total	**31,398**	**26,574**

The average effective interest rates as at 31 December 2021 were as follows:

	as at 31 December 2021	as at 31 December 2020
Advances on invoices	0.42%	0.47%
Bank loan	3.10%	2.69%

Payables due to other lenders

Payables to other lenders as at 31 December 2021, for the current portion, mainly include payables relating to foreign operations for a total of Euro 119 thousand and the effects of the adoption of IFRS 16 for Euro 3,285 thousand.

The non-current portion of the balance as at 31 December 2021 is attributable to the debt incurred by the Turkish subsidiary Ankateks Turizm İnşaat Tekstil Temizleme Sanayi ve Ticaret Ltd Şirketi for a total of Euro 65 thousand and to the effects linked to adoption of IFRS 16 for Euro 27,287 thousand.

Payables to other lenders are broken down by maturity below:

(thousands of Euros)	as at 31 December 2021	as at 31 December 2020
Maturity less than or equal to 6 months	2,196	2,316
Maturity between 6 and 12 months	1,222	1,425
Maturity between 1 and 5 years	11,435	11,546
More than 5 years	15,917	18,142
Total	**30,770**	**33,429**

The decrease compared to the prior year is mainly due to the reduction of financial liabilities from application of IFRS 16.

Non-current amounts due to other lenders are broken down by maturity as follows:

(thousands of Euros)	as at 31 December 2021	as at 31 December 2020
1 to 2 years	3,058	3,326
Maturity between 2 and 5 years	8,377	8,220
More than 5 years	15,917	18,142
Total	**27,352**	**29,688**

The following table shows the breakdown of the amounts due to other lenders by type of rate:

(thousands of Euros)	as at 31 December 2021	as at 31 December 2020
Floating rate	-	1
Fixed rate	198	485
Incremental Borrowing Rate	30,572	32,943
Total	**30,770**	**33,429**

6.17 Deferred tax liabilities

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

(thousands of Euros)	Property, plant and equipment and intangible assets	Equity investments	Goodwill	Other	Total
Deferred tax liabilities as at 1 January 2020	**789**	-	**1,594**	**25**	**2,408**
Changes recognised in the income statement	(3)	89	51	-	137
Changes recognised in other comprehensive income	(45)	-	-	-	(45)
Deferred tax liabilities as at 31 December 2020	**741**	**89**	**1,645**	**25**	**2,500**
Changes recognised in the income statement	(265)	(78)	38	(14)	(319)
Changes recognised in other comprehensive income	(74)	-	-	-	(74)
Deferred tax liabilities as at 31 December 2021	**402**	**11**	**1,683**	**11**	**2,107**

E-MARKET SDIR CERTIFIED

6.18 Employee benefits

This item changed as follows:

(thousands of Euros)	2021	2020
Initial balance as at 1 January	**9,649**	**10,321**
Translation differences	(84)	(42)
Provision	475	331
Financial expenses	(9)	31
Actuarial (gains)/losses	(2)	229
Transfers (to)/from other provisions	(6)	-
(Payments)	(966)	(1,221)
(Reclassifications)	-	-
Final balance as at 31 December	**9,057**	**9,649**

The item includes the Provision for Employee Severance Indemnity recognised to the employees of Italian group companies and identified as a defined benefit plan. Employee benefits were reclassified under current liabilities for Euro 719 thousand for the portion of the employee severance indemnity accrued as at 31 December 2021 to employees of the Ariccia production site.

Financial hypotheses adopted

The valuation techniques were carried out on the basis of the hypotheses described by the following table:

	2021	2021
Technical annual discounting back rate	0.44%	-0.02%
Annual inflation rate	1.20%	1.00%
Annual growth rate of the severance indemnity	2.40%	2.25%

With regard to the discount rate, the iBoxx Eurozone Corporates AA 7 – 10 index as of the valuation date was taken as reference for the valuation of this parameter. The duration of the liability is 8 years.

Demographic hypotheses adopted

- With regard to the probabilities of demise, those established by the State General Accounting Office, known as RG48, differentiated by gender;
- for the probabilities of disability those, differentiated by gender, adopted in the INPS model for the projections through 2010. These probabilities have been created starting from the distribution by age and gender of the pensions in force as at 1 January 1987 as from 1984, 1985 and 1986 relating to lending industry personnel;
- with regard to the retirement period for the active generic the achievement of the first of the pension requirements valid for Mandatory General Insurance was assumed;
- for the probabilities of leaving employment for reasons other than death, annual frequencies of 7.50% have been considered;
- with regard to the probability of advance, a year-by-year value of 3.00% was assumed.

Further to the supplementary welfare reform as per Italian Legislative Decree no. 252 dated 5 December 2005, for employees who have decided to allocate the indemnity as from 1 January 2007 to the INPS Treasury Fund, the advances as per Article 2120 of the Italian Civil Code are calculated on the entire value of the severance indemnity accrued by the worker. These advances are disbursed by the employer within the limits of the capacity of the amounts accrued by virtue of the provisions made up

until 31 December 2006. If the amount of the advance is not covered by the amount accrued care of the employer, the difference is disbursed by the Treasury Fund set up care of INPS.
With regard to the matters set forth above, solely for employees who have complied with the Treasury Fund and who have not requested advances on the indemnity, corrections have been made in the actuarial valuations increasing the requested percentage to be applied to the Fund accrued as at 31 December 2006 and revalued until the calculation date.

Sensitivity analysis

In accordance with the matters required by the reviewed version of IAS 19, sensitivity analysis is presented below in line with the change in the main actuarial hypotheses included in the calculation model.

(thousands of Euros)	Discount rate		Inflation rate		Duration	
	+0.50%	**-0.50%**	**+0.25%**	**-0.25%**	**+1 year**	**-1 year**
Change in liabilities	-242	+256	+136	+136	+126	-96

6.19 Provisions for risks and charges

The item is broken down as follows:

(thousands of Euros)	as at 31 December 2021	as at 31 December 2020
Opening balance	**6,327**	**5,882**
Provisions	1,884	3,250
Payments/resolutions	(2,008)	(1,986)
Translation differences	157	(818)
Closing balance	**6,360**	**6,327**

The provision for risks went from Euro 6,327 thousand as at 31 December 2020 to Euro 6,360 thousand as at 31 December 2021. There are provisions for Euro 958 thousand connected to the estimated charges relating to the *restructuring* operation relating to the cessation of production at the Ariccia (Rome) plant. The charges relate to disposal costs and costs for redundancy incentives and contributions on layoffs. Full absorption of the fund is expected in the next 12 months. It should also be noted that the portion of post-employment benefits corresponding to the perimeter of employees pertaining to the *restructuring* project was also classified under current liabilities.

A provision of Euro 350 thousand and a use of Euro 1,053 thousand were recorded, net of financial charges for the financial year related to the discounting back of estimated losses of Euro 91 thousand, representing the outcome of estimates made on onerous contracts.
As commented with regard to the impairment test on goodwill, the multi-annual plan and the future expected trend indicate large cash flows compared to the net assets recognised in the financial statements and, in accordance with such forecasts, no write-downs of goodwill or other fixed assets were made. Nevertheless, while considering the forecasts of a largely positive overall operating margin in the foreseeable future, the analysis highlighted that in the current market scenario, the cumulative margins up to the date of expiry of certain wash-hire contracts is negative, and such contracts are therefore classified as "onerous contracts" pursuant to IAS 37. Therefore, after having assessed the effects of positive sales and cost recovery measures that could mitigate such losses, in some cases fully absorb them, an allocation was made for the best estimate of present value of inevitable future liabilities connected to said contracts. This provision will be released to the income statement in the future years

in which the expected negative margins occur, thereby offsetting the impact on the Company's profitability. Based on the projections made to estimate the provision, and according to the average terms of the contracts examined, use of Euro 567 thousand of the amount allocated is envisaged in 2022, consequently reclassified to current liabilities, with full use of the provisions expected within 2025.
The provision was fully used for Euro 588 thousand relating to costs to be incurred for the dismantling, restoration and scrapping of the set of assets referring to the Podenzano plant and the estimated settlement costs referring to employees, due to the planned cessation of activities at the production site.
The item also includes the provision for coverage of losses on equity investments for Euro 2,499 thousand, which refers to the valuation through equity method of the 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.

In addition to the above, it should be noted that, with regard to what has already been indicated in the paragraph "Information on proceedings in progress", the Company, having carried out the appropriate checks, has decided not to make any provisions in the financial statements for the cases in question.

6.20 Other non-current financial liabilities

The item is broken down as follows:

(thousands of Euros)	as at 31 December 2021	as at 31 December 2020
Payables to Area S.r.l.	-	200
Payables to Wash Service S.r.l. shareholders	-	496
Payable for Steritek S.p.A. put option	-	1,828
Payable for Wash Service S.r.l. put option	388	381
Other payables	-	-
Total	**388**	**2,905**

The change in the item is connected in particular to the classification in other current financial liabilities of the residual debt arising from the acquisition of the shares of Brixia S.r.l. from Area S.r.l., of the debt to the minority shareholders of Wash Service S.r.l. for the acquisition made in the financial year 2019, both classified under current financial liabilities, and the put option relating to the minority interests of the company Steritek S.p.A. that can be exercised during the year 2022. Furthermore, the item includes the payable connected to the *put/call* option on the residual 10% of the share capital of the company Wash Service S.r.l. equal to Euro 388 thousand. The right can be exercised in 2024.

6.21 Trade payables

The item is broken down as follows:

(thousands of Euros)	as at 31 December 2021	as at 31 December 2020
Due to suppliers	68,931	70,676
Due to associates and joint ventures	1,843	2,303
Due to parent company	4,703	3,863
Payables to companies under the control of the parent companies	208	92
Total	**75,685**	**76,934**

Due to suppliers
The balance as at 31 December 2021 refers entirely to trade payables due within 12 months. The decrease is mainly attributable to higher payments made to suppliers in the year 2021.

Due to associates and joint ventures
The balance as at 31 December 2021 is composed mainly of trade payables due to the companies AMG S.r.l. for Euro 616 thousand, Arezzo Servizi S.c.r.l. for Euro 599 thousand and Piemonte Servizi Sanitari S.c.r.l. for Euro 383 thousand and Iniziative Produttive Piemontesi S.r.l. for Euro 228 thousand.

Due to parent company
These are amounts due to the parent company Coopservice S.Coop.p.A. for the services provided by it.

Payables to companies under the control of the parent companies
The main trade payables to companies under the control of the parent company Coopservice S.Coop.p.A. refer for Euro 208 thousand to Archimede S.p.A.

6.22 Current tax payables

The item is broken down as follows:

(thousands of Euros)	as at 31 December 2021	as at 31 December 2020
Tax receivables	(560)	(604)
Tax payables	836	728
Total	**276**	**124**

The amount refers to current tax payables of the subsidiaries included in the consolidation area.

6.23 Other current financial liabilities

The item is broken down as follows:

(thousands of Euros)	as at 31 December 2021	as at 31 December 2020
Payable to Area S.r.l.	200	-
Payable to Finanza e Progetti S.p.A.	-	1,770
Deferred price Aqualav Serviços De Higienização Ltda	12	81
Payables to Lavanderia Bolognini M&S S.r.l.	-	1,000
Payable for Steritek S.p.A. put option	1,843	-
Payables to Wash Service S.r.l. shareholders	399	502
Total	**2,454**	**3,353**

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. purchased in 2019 and to the reclassification of the last price *tranche* relating to the purchase 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 wash-hire sector for private structures. The classification under other current financial liabilities of the *put* option relating to the minority interests of the company Steritek S.p.A. exercisable during the year 2022 should also be noted.

6.24 Other current payables

The table below provides a breakdown of other current liabilities:

(thousands of Euros)	as at 31 December 2021	as at 31 December 2020
Deferred income and accrued expenses	278	289
Payables due to social security and welfare institutions	5,202	5,303
Other payables	13,249	12,558
Total	**18,729**	**18,150**

Payables due to social security and welfare institutions

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

Other payables

The item is broken down as follows:

(thousands of Euros)	as at 31 December 2021	as at 31 December 2020
Due to employees	9,723	8,494
Employee/professional IRPEF (personal income tax) payable	2,741	2,648
Other payables	785	1,416
Total	**13,249**	**12,558**

6.25 Net financial debt

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

(thousands of Euros)	as at 31 December 2021	as at 31 December 2020
Cash and cash equivalents in hand	21	22
Cash at bank	3,196	4,419
Cash and cash equivalents	**3,217**	**4,441**
Current financial receivables	6,087	6,521
Current due to banks and other lenders	(76,251)	(84,307)
of which Financial liabilities under IFRS 16	*(3,285)*	*(3,441)*
Current net financial debt	**(70,164)**	**(77,786)**
Non-current due to banks and other lenders	(58,750)	(56,262)
of which Financial liabilities under IFRS 16	*(27,287)*	*(29,502)*
Non-current net financial debt	**(58,750)**	**(56,262)**
Net financial debt	**(125,697)**	**(129,607)**

The change in net financial debt at 31 December 2021 compared to 31 December 2020 includes, among other things, the collection of the price for the sale of the workwear business unit for approximately Euro 9.5 million, investments in materials, primarily textile and linen products to enter into the production process, for approximately Euro 58.0 million as well as the payment of the fourth instalment of the price for the company Wash Service S.r.l. for Euro 0.5 million, financial contributions in jointly controlled companies for a total of 2.0 million, upon payment of sundry financial liabilities for a total of Euro 1.8 million and the purchase of treasury shares for Euro 1.0 million. The consolidated net financial position therefore passes from Euro 129,607 thousand at 31 December 2020 to Euro 125,697 thousand at 31 December 2021 with a positive change of Euro 3,910 thousand.

Also shown below is the total financial debt drawn up pursuant to the ESMA Recommendation of 4 March 2021 which is applicable from 5 May 2021, in which the value of "Other current financial liabilities" is recorded under the item "Current financial debt" and " the value of "Other non-current financial liabilities", as well as the summary of the Group's direct and indirect financial debt is recorded under item "Trade and other non-current payables".

(thousands of Euros)	31 December 2021	*of which related parties*	31 December 2020	*of which with related parties*
A. Cash and cash equivalents	3,217		4,441	
B. Cash and cash equivalents	-		-	
C. Other current financial assets	6,087	*4,938*	6,521	*5,273*
D. Cash and cash equivalents (A)+(B)+(C)	**9,304**		**10,962**	
E. Current financial debt (including debt instruments, but excluding the current portion of non-current financial debt)	(40,012)		(55,658)	*(1,770)*
F. Current portion of non-current borrowings	(38,693)		(32,002)	
of which Financial liabilities under IFRS 16	*(3,285)*	*(1,661)*	*(3,441)*	*(1,496)*
G. Current financial debt (E) + (F)	**(78,705)**		**(87,660)**	
H. Current net financial debt (G) - (D)	**(69,401)**		**(76,698)**	
I. Non-current financial debt (excluding the current portion and debt instruments)	(58,750)		(56,262)	
of which Financial liabilities under IFRS 16	*(27,287)*	*(20,543)*	*(29,502)*	*(22,242)*
J. Debt instruments	-		-	
K. Trade and other non-current payables	(388)		(2,905)	
L. Non-current financial debt (I) + (J) + (K)	**(59,138)**		**(59,167)**	
M. Net financial debt (H) + (L)	**(128,539)**		**(135,865)**	

6.26 Financial guarantee contracts

The table below provides the details of the guarantees given by the Group as at 31 December 2021 and 31 December 2020:

(thousands of Euros)	as at 31 December 2021	as at 31 December 2020
Guarantees issued by banks and insurance companies for tenders	73,497	73,673
Guarantees issued by banks and insurance companies for lease agreements and utilities	159	667
Guarantees issued by banks and insurance companies in favour of third parties	49,864	45,918
Owned assets held by third parties	296	73
Third party assets held at our facilities	-	-
Pledge on Asolo Hospital Service S.p.A. shares given as loan guarantee	66	66
Pledge on Sesamo S.p.A. shares given as loan guarantee	237	237
Pledge on Prog.Este S.p.A. shares given as loan guarantee	1212	1,212
Pledge on Progeni S.p.A. shares given as loan guarantee	76	76
Pledge on Synchron shares given as loan guarantee	344	343
Pledge on Futura S.r.l. stake given as loan guarantee	89	89
Pledge on Summano Sanità shares given as loan guarantee	10	-
Total	**125,850**	**122,354**

The guarantees issued and the other commitments refer to:

- 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 the project financing and guarantees issued in favour of PSIS S.r.l., Steril Piemonte S.c.r.l., I.P.P. S.r.l., Ekolav S.r.l., Saniservice Sh.p.k. and Shubhram Hospital Solutions Private Limited to back loan agreements.
- Pledge on shares/units of Asolo Hospital Service, Sesamo, Progeni, Prog.Este, Synchron, Futura and Summano Sanità 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:

(thousands of Euros)	Year ended as at 31 December	
	2021	**2020**
Wash-hire	195,147	181,038
Steril B (Linen Sterilisation)	18,222	18,027
Steril C (Surgical Instruments Sterilisation)	43,325	41,095
Sales revenues	**256,694**	**240,160**

Revenue and services by geographical area are broken down as follows:

(thousands of Euros)	Year ended as at 31 December	
	2021	**2020**
Italy	224,015	207,341
Brazil	25,684	25,761
Turkey	6,995	7,058
Sales revenues	**256,694**	**240,160**

Revenues deriving from wash-hire services (which in absolute terms represent 76.0% of the Group's revenues) go from Euro 181,038 thousand in 2020 to Euro 195,147 thousand in 2021, recording a growth of 7.8% or 10.6% at constant exchange rates. The growth is sustained by the recovery of the Italy area (+9.6% or +10.2% on a like-for-like basis) and by the excellent organic growth of the Brazil and Turkey areas, however offset by a negative exchange rate change (-2.3%).
Revenues from linen sterilization services (steril B) (which in absolute terms represent 7.1% of the Group's revenues) go from Euro 18,027 thousand in 2020 to Euro 18,222 thousand in 2021, with an increase of 1.1% due to an increase in the tissue sterilization service in relation to new tenders in the north-east of Italy only partially offset by a lower supply of TNT compared to the previous year.
Revenues from surgical instrument sterilization services (steril C) (which in absolute terms represent 16.9% of the Group's revenues) go from Euro 41,095 thousand in 2020 to Euro 43,325 thousand in 2021, with an increase of 5.4% mainly due to some new orders in the north-eastern Italian area, as well as the resumption of surgical interventions compared to the previous year.

7.2 Other income

Other income went from Euro 5,467 thousand as at 31 December 2020 to Euro 8,430 thousand as at 31 December 2021. The balance is mainly affected by the capital gain realized by the Parent Company equal to Euro 1,527 thousand following the sale of the workwear business unit which took place on 26 February 2021, as well as the realization of capital gains deriving from the sale of capital goods.

Pursuant to Art. 1, paragraphs 125 to 129, of Law no. 124 of 4 August 2017, relating to the obligations of publication of grants, contributions, paid positions and in any case economic advantages of any nature received from public administrations, note that the disbursing Bodies are required to publish contributions on the National Register of government aid, accessible at: www.rna.gov.it/sites/PortaleRNA/it_IT/trasparenza on government aid and *aiuti de minimis*. Contributions received by the Group Italian companies are contained in the aforementioned Register.

It should be noted that the contributions benefited by the companies include the recognition of the receivable for sanitation and purchase of personal protective equipment (PPE).

7.3 Raw materials and consumables

Consumption of raw materials, equal to Euro 27,430 thousand, slightly down with respect to the previous year (Euro 27,607 thousand in 2020). The decrease is mainly linked to the lower purchases recorded in 2021 in relation to non-woven fabric (TNT), only partially offset by the increase linked to the higher volumes processed. Consumption mainly refers to the purchase of washing products, chemicals, packaging, spare parts, as well as disposables and PPE.

7.4 Costs for services

The item is broken down as follows:

(thousands of Euros)	Year ended as at 31 December	
	2021	**2020**
External laundering and other industrial services	31,775	25,939
Travel and transport	14,691	13,650
Utilities	14,694	12,300
Administrative costs	3,064	3,348
Consortium and sales costs	6,053	7,240
Personnel expense	2,407	2,167
Maintenance	8,304	7,740
Use of third-party assets	2,703	2,419
Other services	1,058	1,171
Total	**84,749**	**75,974**

Costs for services increased by Euro 8,775 thousand compared to the previous year, and also increased in terms of incidence on revenues by 1.4 percentage points, from 31.6% recorded in 2020 to 33.0% recorded in 2021.

The costs for external services for laundries and other industrial services go from Euro 25,939 thousand in 2020 to Euro 31,775 thousand in 2021, with an increase of Euro 5,835 thousand, mainly attributable to the changed logistical and production structure aimed at managing the laundry and cloakroom service connected both to the launch of new tenders in the area of north-eastern Italy and to the Covid-19 emergency situation.

Travel and transport increased by Euro 1,041 thousand with respect to 31 December 2020. The increase is mainly attributable to the Parent Company, with reference to the new tenders launched in the north-east of Italy.
The costs relating to utilities show an increase of Euro 2,394 thousand compared to the previous year, linked to the recovery in volumes but in particular to the energy prices recorded in the last quarter of 2021.
The item Consortium and commercial costs shows a decrease of Euro 1,187 thousand compared to the previous year, mainly attributable to the termination of some contracts with which the Parent Company participated in a temporary business association.
Note that costs for the use of third-party assets recognised as at 31 December 2021, and therefore not subject to application of IFRS 16, predominantly regard rentals of pressure-relieving mattresses, royalties and software licences, electronic machinery and rentals of other assets with duration of less than 12 months, or low value assets.

7.5 Personnel expense

The item is broken down as follows:

(thousands of Euros)	Year ended as at 31 December	
	2021	**2020**
Costs for directors' fees	1,229	1,163
Salaries and wages	59,222	56,484
Temporary work	3,129	1,374
Social security charges	19,278	18,788
Employee severance indemnity	3,561	3,573
Other costs	239	245
Total	**86,658**	**81,627**

The item Personnel costs decreased from Euro 81,627 thousand as at 31 December 2020 to Euro 86,658 thousand as at 31 December 2021, recording a decrease of Euro 5,031 thousand.
Specifically, the increase is attributable to higher costs for wages and salaries, due to both the increase in the number of employees in the Italy area directly proportional to the growth in volumes recorded in the year, and to the lower recourse to social safety nets (Wages Guarantee Fund) incurred in 2021 compared to the previous year.
There is also an increase of Euro 1,755 thousand relating to the item Temporary work, which goes from Euro 1,374 thousand in 2020 to Euro 3,129 thousand in 2021, mainly attributable to the Parent Company and specifically to the launch of tenders for the Veneto and Friuli Venezia Giulia regions. The item Personnel costs includes costs for the year 2021 for a total of Euro 632 thousand, connected to the variable remuneration policy for the year, not recognized in 2020.
Lastly, during the year, a provision for risks and charges of Euro 866 thousand was recorded by the Parent Company, relating to the restructuring process of the production site in Ariccia (Rome).
The table below shows the average composition of workforce:

	Average number of employees	
	2021	**2020**
Executives	17	17
Middle managers	37	48
White-collar staff	299	280
Blue-collar staff	3,318	3,311
Total	**3,671**	**3,656**

7.6 Other costs

The item is broken down as follows:

(thousands of Euros)	Year ended as at 31 December	
	2021	**2020**
Tax-related expense	249	255
Contingent liabilities	37	73
Membership fees	158	225
Gifts to customers and employees	142	120
Other	817	1,809
Total	**1,403**	**2,482**

The item Other costs decreased by Euro 1,079 thousand compared to the previous year, mainly as a result of lower costs incurred by the Parent Company for damages to third parties for Euro 252 thousand, as well as following lower costs of Euro 661 thousand incurred by subsidiaries in Brazil.

7.7 Depreciation/amortisation, impairment and provisions

The item is broken down as follows:

(thousands of Euros)	Year ended as at 31 December	
	2021	**2020**
Amortisation of intangible assets	1,524	1,638
Depreciation of property, plant and equipment	53,093	51,375
Impairment and provisions	497	1,052
Total	**55,114**	**54,065**

The item Amortization, depreciation and write-downs recorded an increase compared to the previous year of Euro 1,050 thousand, from Euro 54,065 thousand as at 31 December 2020 to Euro 55,114 thousand as at 31 December 2021. It should be noted that the effect is mainly attributable to the increase in depreciation of tangible fixed assets for Euro 1,718 thousand following the investments made in Italy and Brazil.

Please note that item Write-downs and provisions includes the provision recorded for onerous contracts in the financial year 2021 equal to Euro 350 thousand (Euro 458 thousand in the 2020 financial year) and the release for non-use of Euro 65 thousand relating to the closure of the plant of Podenzano).

7.8 Financial income

The item is broken down as follows:

(thousands of Euros)	Year ended as at 31 December	
	2021	**2020**
Bank interest income	12	75
Default interest	199	574
Interest income on loans to third-party companies	443	552
Other financial income	150	1,091
Total	**804**	**2,292**

Default interest accrues as a result of the delays in payment by some private customers. The decrease in default interest compared to 2020 is mainly due to the improvement in the average days of collection of trade receivables. Interest income on loans to third companies was basically in line with the financial receivables against which it accrues.

E-MARKET SDIR CERTIFIED

7.9 *Financial expenses*

The item is broken down as follows:

(thousands of Euros)	Year ended as at 31 December	
	2021	**2020**
Interest expense and bank commission	2,308	1,748
Interest expense for leasing	1,977	2,163
Interest and expense to other lenders	162	211
Financial expense on employee benefits	-	31
Net exchange rate losses	298	645
Other financial expenses	243	611
Total	**4,989**	**5,409**

The item Financial expenses recorded a decrease compared to the same period of the previous year of Euro 420 thousand, from Euro 5,409 thousand as at 31 December 2020 to Euro 4,989 thousand as at 31 December 2021. The item Interest expense and bank commissions shows an increase of Euro 560 thousand mainly attributable to the increase in financial charges recorded in the Turkey area. The item Foreign exchange losses shows a decrease equal to Euro 347 thousand, the value recorded in financial year 2021 is substantially linked to the depreciation of the Turkish Lira compared to the Euro recorded in the Italy area for Euro 224 thousand.

7.10 *Income and expense from equity investments*

The item includes dividends collected in 2021 from other companies for Euro 333 thousand. In detail, Euro 132 thousand was collected from Prosa S.p.A., Euro 110 thousand from Summano Sanità S.p.A. and Euro 35 thousand from Arena Sanità S.p.A. and Euro 56 thousand from other companies.

7.11 *Income taxes*

The item is broken down as follows:

(thousands of Euros)	Year ended as at 31 December	
	2021	**2020**
Current taxes	1,586	1,471
Deferred tax assets/(liabilities)	(649)	(3,227)
Total	**937**	**(1,756)**

The incidence of taxes on the pre-tax result (+28.1% in 2021) is reconciled with the theoretical rate in the table below:

(thousands of Euros)	Year as at 31 December	
	2021	**2020**
IRES (company earnings tax) reconciliation		
Profit before tax from Income statement	8,174	1,198
Theoretical taxes (24%)	**1,962**	**288**
Tax effects of the permanent differences:		
on increases	2,150	2,281
on decreases	(2,854)	(8,208)
substitute taxes	750	750
differential on foreign taxes	(152)	(44)
Total effective IRES taxes	**1,856**	**(4,933)**
IRAP (regional business tax)	444	45
Total effective taxes	**2,300**	**(4,889)**

7.12 *Earnings per share*

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

(thousands of Euros)	Year ended as at 31 December	
	2021	**2020**
Profit/loss attributable to shareholders of the parent company	7,500	2,761
Average number of shares	29,994	30,481
Basic earnings per share	**0.25%**	**0.09**

(thousands of Euros)	Year ended as at 31 December	
	2021	**2020**
Profit/loss for the year attributable to the Group:	7,500	2,761
Average number of shares outstanding	29,994	30,481
Number of shares with dilutive effect	0	0
Average number of shares used to calculate diluted EPS	29,994	30,481
Diluted earnings per share	**0.25%**	**0.09**

8 Transactions with group companies and related parties

The transactions of the Servizi Italia Group with subsidiaries, associates, joint ventures or parent companies 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. With reference to the amount exposed in the reference period, this was generated by the renewal of existing contracts or contracts stipulated in the financial year.

No new loans were stipulated with related parties during the year ended as at 31 December 2021 that had a significant impact on the financial disclosures of the Servizi Italia Group. The financial transactions with the related parties of the Servizi Italia Group are shown below as at 31 December 2021:

(thousands of Euros)	31 December 2021							
Economic transactions	**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)	40	74	13,640	-	-	8	-	-
Aurum S.p.A. (parent company)	-	-	-	-	-	-	-	-
Arezzo Servizi S.c.r.l. (joint control)	1	12	1,051	-	-	-	2	-
Psis S.r.l. (joint control)	202	118	1	-	17	-	29	-
Amg S.r.l. (joint control)	-	28	511	-	-	-	-	-
Steril Piemonte S.c.r.l. (joint control)	-	-	53	-	-	-	-	-
Piemonte Servizi Sanitari S.c.r.l. (associate)	-	112	416	-	-	-	-	-
Iniziative Produttive Piemontesi S.r.l. (associate)	31	53	388	-	-	-	-	-
SAS Sterilizasyon Servisleri A.Ş. (joint control)	-	-	-	-	-	-	-	-
Shubhram Hospital Solutions Private Limited (joint control)	-	-	-	-	-	-	15	-
Sanitary cleaning Sh.p.k. (joint control)	-	-	-	-	-	-	-	-
Saniservice Sh.p.k. (joint control)	194	120	-	-	-	-	379	-
Servizi Sanitari Integrati Marocco S.a.r.l. (joint control)	-	-	-	-	-	-	-	-
Finanza & Progetti S.p.A. (joint control)	-	49	-	-	-	-	39	-
Brixia S.r.l. (associate)	3,402	-	37	-	-	-	-	-
Focus S.p.A. (affiliated)	-	-	-	-	-	14	-	1,319
Archimede S.p.A. (affiliated)	-	-	12	1,061	-	-	-	-
New Fleur S.r.l. (affiliated)	14	224	616	-	-	-	-	-
Ospedal Grando S.p.A. (related party)	8,630	-	182	-	-	52	-	-
Akan & Ankateks JV (associate)	613	-	-	69	-	-	-	-
Akan (related party)	-	-	19	-	-	-	-	-
Nimetsu & Ankateks JV (associate)	-	-	-	-	-	-	-	-
Atala (related party)	-	-	-	-	-	-	-	-
Ankor (related party)	-	-	-	-	-	-	-	-
Ozdortler (related party)	-	-	-	-	-	-	-	-
Oguzalp Ergul (related party)	-	-	-	-	-	-	21	-
Feleknaz Demir (related party)	-	-	-	-	-	-	-	-
Volkan Akan (related party)	-	-	-	-	-	-	-	-
Fevzi Cenk Kiliç (related party)	-	-	-	-	-	-	-	-
Total	**13,127**	**790**	**16,926**	**1,130**	**17**	**74**	**485**	**1,319**

(thousands of Euros)	31 December 2021					
Statement of financial position	**Amount of trade receivables**	**Amount of trade payables**	**Amount of financial receivables**	**Value of rights of use**	**Amount of financial payables**	**Amount of other liabilities**
Coopservice S.Coop.p.A. (parent company)	78	4,702	481	-	-	-
Aurum S.p.A. (parent company)	-	-	-	-	-	-
Arezzo Servizi S.c.r.l. (joint control)	9	599	402	-	-	-
Psis S.r.l. (joint control)	121	18	529	-	-	-
Amg S.r.l. (joint control)	30	616	-	-	-	-
Steril Piemonte S.c.r.l. (joint control)	-	-	-	-	-	-
Piemonte Servizi Sanitari S.c.r.l. (associate)	67	383	158	-	-	-
Iniziative Produttive Piemontesi S.r.l. (associate)	21	228	53	-	-	-
SAS Sterilizasyon Servisleri A.Ş. (joint control)	-	-	-	-	-	-
Shubhram Hospital Solutions Private Limited (joint control)	-	-	383	-	-	-
Sanitary cleaning Sh.p.k. (joint control)	-	-	-	-	-	-
Saniservice Sh.p.k. (joint control)	2,330	-	4,141	-	-	-
Servizi Sanitari Integrati Marocco S.a.r.l. (joint control)	-	-	-	-	-	-
Finanza & Progetti S.p.A. (joint control)	330	-	1,159	-	-	-
Brixia S.r.l. (associate)	(10)	-	-	-	-	-
Focus S.p.A. (affiliated)	-	-	-	20,553	22,113	-
Archimede S.p.A. (affiliated)	-	208	-	-	-	-
New Fleur S.r.l. (affiliated)	489	27	-	-	-	-
Ospedal Grando S.p.A. (related party)	3,497	227	-	-	-	-
Akan & Ankateks JV (associate)	690	-	-	-	-	-
Akan (related party)	79	-	-	-	-	-
Nimetsu & Ankateks JV (associate)	-	-	-	-	-	-
Atala (related party)	-	-	-	-	-	-
Ankor (related party)	-	-	-	-	91	-
Ozdortler (related party)	-	-	-	-	-	-
Oguzalp Ergul (related party)	-	-	54	-	-	-
Feleknaz Demir (related party)	-	-	-	-	-	-
Volkan Akan (related party)	-	-	-	-	-	-
Fevzi Cenk Kiliç (related party)	-	-	-	-	-	-
Total	**7,731**	**7,008**	**7,360**	**20,553**	**22,204**	**-**

Aside from the figures shown above, as at 31 December 2021, transactions with related parties included directors' fees for Euro 1,332 thousand and executive personnel expense for Euro 2,993 thousand. As at 31 December 2020, director fees were equal to Euro 1,169 thousand and executive personnel expense Euro 2,447 thousand.
The most significant relationships are shown below, broken down by company where the transactions related to the individual contracts actually fall within the Parent Company's ordinary business:

Coopservice S.Coop.p.A.
Revenues from sales and the associated trade receivables as at 31 December 2021 refer primarily to linen and textile washing services within the cleaning activities provided to the parent company.
The Servizi Italia group purchases from the parent company: (i) road-based transport services for textiles and/or surgical instruments; (ii) management services for linen storage facilities located at the customers (iii) use of third party staff; (iv) technical cleaning services carried out at some production/operating sites of Servizi Italia and surveillance/security services provided to some facilities, through night patrols and alarm-based interventions.

Arezzo Servizi S.c.r.l.
The company's purpose is the provision of wash-hire services to "Aziende dell'Area Vasta Sud-Est" and, to a lesser extent, to the hospital of the Arezzo AUSL As at 31 December 2021, purchase costs and the relative trade payables regard the charge-back of costs incurred by Arezzo Servizi S.c.r.l., which are divided amongst the shareholders on the basis of their shareholdings. The financial receivable is for a Euro 402 thousand loan granted to the associate.

Psis S.r.l.
As at 31 December 2021, revenues from the sale of goods and services to PSIS S.r.l. were related to the charge-back of administrative management services. The financial receivable was related to a loan granted for Euro 529 thousand to support current investments.

AMG S.r.l.
At the end of 2021, financial transactions were mainly for external laundering services at the ASL of Asti, Casale Monferrato, and the ASL Turin 3, while revenues derive from linen sterilisation services and supply of disposable medical devices for surgical procedures.

Steril Piemonte S.c.r.l.
As at 31 December 2021, purchase costs associated with Steril Piemonte S.c.r.l. were related to the charge-back of costs incurred by the Group and Consortium for surgical instrument sterilisation activities at the A.S.L. AL Piedmont Region.

Iniziative Produttive Piemontesi S.r.l.
As at 31 December 2021, revenues from the sale of goods and services to Iniziative Produttive Piemontesi S.r.l. were mainly related to validation services. The financial receivable is for a Euro 53 thousand loan granted to the associate.

Saniservice Sh.p.k.
As at 31 December 2021, the revenues from the sale of goods and services to Saniservice Sh.p.k. were mainly related to the supply of material for the management of the sterilisation facilities, validation services and business management services. The financial receivable is for a Euro 4,141 thousand loan granted to the associate.

Finanza & Progetti S.p.A.
As of 31 December 2021, the value included in the financial receivables relates to a loan granted plus interest equal to Euro 1,159 thousand.

Brixia S.r.l.
As at 31 December 2021, revenues from the sale of goods and services to Brixia S.r.l. were mainly related to the wash-hire service at the ASST Spedali Civili of Brescia.

Ospedal Grando S.p.A.
As at 31 December 2021, the revenues from the sale of goods and services and the corresponding trade receivables towards Ospedal Grando S.p.A. were mainly related to the service carried out by the Parent Company as a result of the awarding of the wash-hire and sterilization service under concession with the Azienda ULSS no. 2 Marca Trevigiana of the Veneto Region.

Focus S.p.A.
Transactions with Focus S.p.A. were related to lease agreements on the Castellina di Soragna (Parma), Montecchio Precalcino (Vicenza), Ariccia (Rome) and Genova Bolzaneto (Genoa) properties. In 2021, the total consideration for leased properties amounted to Euro 2,814 thousand.
The lease agreements of Montecchio Precalcino (Vicenza) and Ariccia (Rome) have a duration of six years, renewable for another six, while for Genova Bolzaneto (Genoa) the lease agreement has a duration of fourteen years, renewable for another six.

Akan & Ankateks JV
Company 49% owned by Ankateks Turizm İnsaat Tekstil Temizleme Sanayi VE and set up for participation in a hospital contract in the city of Ankara. Purchases of assets and services and the corresponding trade payables towards Akan & Ankateks JV were mainly related to laundry services.

Oguzalp Ergul
Related party as a non-controlling shareholder of Ergülteks Temizlik Tekstil Ltd. Sti. The financial receivable is for a Euro 54 thousand loan granted to the company.

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

No income from non-recurring transactions was recognised during the year.
During the year, there were no atypical and/or unusual transactions as defined in Consob communication no. 6064293 dated 28 July 2006.

10 Treasury shares

The Shareholders' Meeting of 20 April 2021, upon revocation of the authorisation to purchase and dispose of treasury shares resolved on 28 April 2020 for the unused portion, renewed the authorisation for the purchase and disposal of treasury shares, in accordance with the proposal by the Board of Directors. The resolution authorised the purchase of a maximum of 6,361,890 ordinary shares with nominal value of Euro 1.00 each, corresponding to one-fifth of the Company's share capital (taking into account the shares already held by the Company) for a period 18 months from that date, while the duration of the authorisation for disposal of the treasury shares has no time limits.
The treasury shares purchase plan renewed by the Board of Directors, in implementation of the shareholders' meeting resolution, on 20 April 2021 - in accordance with the resolution of the Company's Shareholders' Meeting today - aims to establish a stock of treasury shares to possibly use as consideration in extraordinary transactions and/or in trades and/or in the disposal of equity investments, and simultaneously represents an efficient investment opportunity for the company's liquidity.
In accordance with authorisation by the shareholders' meeting on 20 April 2021, purchases of treasury shares are conducted on the Mercato Telematico Azionario (MTA, electronic stock market) through broker INTERMONTE SIM S.p.A., in accordance with the operating methods and at the price conditions pursuant to the provisions of Articles 3 and 4, paragraph 2, letter b) of Delegated Regulation EU 2016/1052, and in accordance with the principle of equality of treatment of Shareholders and market practice. In particular, the purchase price of each share must be, as a minimum, at least 20% and, as a maximum, not greater 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 individual purchase, without prejudice to the fact that it cannot be greater than the higher of the last independent transaction and the highest current independent asking price on the MTA, in accordance with the shareholders' resolution of 20 April 2021 and any other applicable regulations (even European) and allowed market practice. Furthermore, the shares purchased during each session may not exceed 25% of the average daily volume of Servizi Italia S.p.A. shares traded on the MTA, calculated based on the daily average volume of trades in the 20 trading days prior to the purchase date.
The broker INTERMONTE SIM S.p.A., which coordinates the share purchase programme, shall make trading decisions in relation to the timing of the purchase of Servizi Italia S.p.A. shares, with full independence from the Company but within the limitations decided by the Shareholder's Meeting. As at 31 December 2021, the number of treasury shares in the portfolio amounted in total to 2,000,408 shares, corresponding to 6.29% of the share capital.

11 Fees, stock options and equity investments of directors, officers with strategic responsibilities and statutory auditors

As regards:

- remunerations to Directors and Statutory Auditors;
- stock options to Directors;
- Directors' shareholdings;

please see the Remuneration Report, drawn up pursuant to article 123-ter of Consolidated Law on Finance for the 2021 financial year.

12 Payment plans based on financial instruments

As at 31 December 2021, there were no remuneration plans based on financial instruments.

13 Significant events and transactions

Please see the related section of the Directors' Report on Operations.

14 Significant events after the end of the year

As is known, the deepening of tensions between Russia and Ukraine that resulted in the invasion of the Ukrainian territory by the Russian army on 24 February 2022 are creating repercussions on international markets, both in terms of financial market trends and on commodity prices. The Servizi Italia Group could be affected in the event of further volatility in energy prices, while no market and/or exchange risks are identified, since the Group has no commercial transactions with the countries involved. Also in relation to the cost of energy, the risk could be reduced by the possibility of re-evaluating this cost on the final price in relation to the introduction, in the procurement contracts, of price revision clauses. The evolution of the situation is continuously monitored by the company management.
As at 4 March 2022, the Company had acquired a total of 2,092,658 treasury shares on the market regulated and managed by Borsa Italiana S.p.A., equal to 6.58% of the share capital

The Chairman of the Board of Directors
(Roberto Olivi)

Certification of the consolidated financial statements pursuant to Art. 154-bis of Italian Legislative Decree 58/98

Castellina di Soragna, 14 March 2022
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 Executive Committee, and Angelo Minotta, in his capacity as Financial Reporting Manager of Servizi Italia S.p.A., certify:

a) the adequacy in relation to the characteristics of the business and
b) the effective application of the administrative and accounting procedures for the preparation of the consolidated financial statements during 2021.

It is also hereby stated that the consolidated financial statements as at 31 December 2021:

a) have 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.

The Directors' Report on Operations includes a reliable analysis of the operating performance and result, as well as of the issuer's situation, together with a description of the main risks and uncertainties to which it is exposed.

The Chairman of the Executive Committee
Roberto Olivi

The Financial Reporting Manager
Angelo Minotta