

# Interim Management Report

*as at 31 March 2021*



**Servizi  
Italia**

SERVIZI ITALIA S.P.A.  
via San Pietro, 59/B - 43019 Castellina di Soragna (PR) - ITALY  
Share Capital: Euro 31,809,451 fully paid-up  
Tax Code and Register of Companies No.: 08531760158  
Certified Email: [si-servizitalia@postacert.cedacri.it](mailto:si-servizitalia@postacert.cedacri.it)  
Tel. +39 0524 598511 - Fax +39 0524 598232  
[www.servizitaliagroup.com](http://www.servizitaliagroup.com)

## TABLE OF CONTENTS

1	Corporate bodies and Company information .....	3
2	Group Structure .....	4
3	Interim Report on Management performance .....	5
4	Accounting schedules .....	12
5	Explanatory Notes .....	14
	5.1 Introduction .....	14
	5.2 Performance by business segment and geographical area .....	14
	5.3 Notes on the main changes in the statement of financial position.....	16
	5.4 Notes on the main changes in the income statement .....	21
	5.5 Consolidated net financial position .....	24

## 1 CORPORATE BODIES AND COMPANY INFORMATION

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

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

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

(\*) Members of the Executive Committee

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

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

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

### Supervisory Body (in office until 2 February 2022)

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

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

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

### Registered office and company information

Servizi Italia S.p.A. Via S. Pietro, 59/b - 43019 Castellina di Soragna (PR) - Italy  
 Tel. +390524598511, Fax +390524598232, website: [www.servizitaliagroup.com](http://www.servizitaliagroup.com);  
 Share Capital: Euro 31,809,451 fully paid-up  
 Tax Code and Parma Register of Companies no.: 08531760158; Certified Email: [si-servizitalia@postacert.cedacri.it](mailto:si-servizitalia@postacert.cedacri.it)  
 Founded: 1986  
 Stock market listing: Borsa Italiana S.p.A MTA, electronic stock market, STAR segment  
 Ordinary Share ISIN: IT0003814537, BLOOMBERG: SRI IM, REUTERS: SRI.MI  
 LEI Code: 815600C8F6D5ACBA9F86

### Investor Relations

Giovanni Manti (IR) - Pietro Giliotti  
 e-mail: [investor@si-servizitalia.com](mailto:investor@si-servizitalia.com) - Tel. +39 0524 598511, Fax +39 0524 598232

## 2 GROUP STRUCTURE

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

As at 31 March 2021, the Servizi Italia Group included the following Companies:

Company Name Parent Company and Subsidiaries	Registered Office	Share Capital	Interest of equity investments
Servizi Italia S.p.A.	Castellina di Soragna (Parma) - Italy	EUR 31,809,451	Parent Company
SRI Empreendimentos e Participações L.t.d.a.	City of São Paulo, State of São Paulo - Brazil	BRL 210,827,982	100%
Steritek S.p.A.	Malagnino (CR) - 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, São Paulo - Brazil	BRL 22,930,000	100% <sup>(*)</sup>
Maxlav Lavanderia Especializada S.A.	Jaguariúna, São Paulo - Brazil	BRL 2,825,060	100% <sup>(*)</sup>
Vida Lavanderias Especializada S.A.	Santana de Parnaíba, São Paulo - Brazil	BRL 3,600,000	100% <sup>(*)</sup>
Aqualav Serviços De Higienização Ltda	Vila Idalina, Poá, State of São Paulo - Brazil	BRL 15,400,000	100% <sup>(*)</sup>
Ankateks Turizm İnşaat Tekstil Temizleme Sanayi ve Ticaret Ltd Şirketi	Ankara - Turkey	TRY 20,000,000	55%
Ergülteks Temizlik Tekstil Ltd. Sti.	Smirne - Turkey	TRY 1,700,000	57.5% <sup>(**)</sup>
Wash Service S.r.l.	Castellina di Soragna (Parma) - Italy	EUR 10,000	90%
Ekolav S.r.l.	Lastra a Signa (FI) - Italy	EUR 100,000	100%

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

<sup>(\*\*)</sup> Held through Ankateks Turizm İnşaat Tekstil Temizleme Sanayi ve Ticaret Ltd Şirketi

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

Company Name Associates and Jointly-Controlled Companies	Registered Office	Share Capital	Interest of equity investments
Arezzo Servizi S.c.r.l.	Arezzo - Italy	EUR 10,000	50%
PSIS S.r.l.	Padova - Italy	EUR 10,000,000	50%
Steril Piemonte S.r.l.	Torino - Italy	EUR 4,000,000	50%
AMG S.r.l.	Busca (CN) - Italy	EUR 100,000	50%
Iniziativa Produttive Piemontesi S.r.l.	Torino - Italy	EUR 2,500,000	37,63%
Piemonte Servizi Sanitari S.c.r.l.	Torino - Italy	EUR 10,000	30% <sup>(*)</sup>
SAS Sterilizasyon Servisleri A.Ş.	Istanbul - Turkey	TRY 13,517,000	51%
Shubhram Hospital Solutions Private Ltd.	Nuova Delhi - India	INR 350,000,000	51%
Finanza & Progetti S.p.A.	Vicenza - Italy	EUR 550,000	50%
Brixia S.r.l.	Milano - 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.	Modena - Italy	EUR 208,124	25%

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

### 3 INTERIM REPORT ON MANAGEMENT PERFORMANCE

This Interim Management Report as at 31 March 2021 has been drafted according to the International Accounting Principles (IFRS) issued by the *International Accounting Standards Board* (IASB) and adopted by the European Union and it should be read together with the information provided in the consolidated financial statements as at 31 December 2020. In order to allow a better evaluation of the economic and financial performance, the following summary tables show some "Alternative performance indicators" which are not required by IFRS accounting principles. The footnotes of said tables indicate the calculation method used and composition of these ratios, in line with the guidelines of the *European Securities and Market Authority* (ESMA).

#### Main consolidated income statement figures

The table below presents a comparison of the main consolidated income statement figures as at 31 March 2021 with the results as at 31 March 2020 (in thousands of Euro):

(thousands of Euros)	31 March 2021	31 March 2020	Change	Change %
Revenues	60,459	62,856	(2,397)	-3.8%
Ebitda <sup>(a)</sup>	15,237	15,447	(210)	
<i>Ebitda %</i>	25.2%	24.6%		0.6%
Operating profit (Ebit)	1,929	1,914	15	
<i>Operating profit (Ebit)%</i>	3.2%	3.0%		0.1%
Net Income	1,411	158	1,253	
<i>Net Income %</i>	2.3%	0.3%		2.1%

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

#### Main consolidated statement of financial position figures

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

(thousands of Euros)	31 March 2021	31 December 2020	Change	Change %
Net operating working capital <sup>(a)</sup>	(6,043)	(5,964)	(79)	1.3%
Other current assets/liabilities <sup>(b)</sup>	(2,266)	(11,446)	9,180	-80.2%
<b>Net working capital</b>	<b>(8,309)</b>	<b>(17,410)</b>	<b>9,101</b>	<b>-52.3%</b>
Non-current assets – Medium/Long term provisions	259,124	265,603	(6,479)	-2.4%
<i>of which right of use for IFRS 16</i>	30,688	31,717	(1,029)	-3.2%
<b>Net Invested capital</b>	<b>250,815</b>	<b>248,193</b>	<b>2,622</b>	<b>1.1%</b>
Shareholders' equity (B)	117,418	118,586	(1,168)	-1.0%
Net financial debt <sup>(d)</sup> (A)	133,397	129,607	3,790	2.9%
<i>of which financial liabilities for IFRS 16</i>	31,823	32,943	(1,120)	-3.4%
<b>Net Invested capital <sup>(c)</sup></b>	<b>250,815</b>	<b>248,193</b>	<b>2,622</b>	<b>1.1%</b>
<b>Gearing [A/(A+B)]</b>	<b>53.2%</b>	<b>52.2%</b>		
<b>Debt/Equity (A/B)</b>	<b>113.6%</b>	<b>109.3%</b>		

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

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

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

<sup>(d)</sup> The management has defined net financial debt as the sum of amounts Due to banks and other lenders net of Cash and cash equivalents and Current financial receivables.

## Company situation and overall business performance

During the first three months of 2021, the Servizi Italia Group's operating performance recorded a consolidated turnover equal to Euro 60,459 thousand, down by 3.8% (up by 0.5% at the same exchange rates) compared to the first quarter 2020.

For what concerns the comparison of revenues from sales and services as at 31 March 2021 and 2020, please note the following:

- Revenues from **wash-hire services** (which in absolute terms represent 75.8% of the Group's revenues) pass from Euro 47,656 thousand in the first three months of 2020 to Euro 45,813 thousand in 2021, sustained by the excellent organic growth registered in Brazil and Turkey, but offset by a negative exchange rate variation. In Italy, there is a significant drop in revenues, mainly attributable to the downturn in hotel and restaurant sector throughout the first quarter of 2021 compared to the first quarter of 2020, when the contraction only took place from March 2020 on. This decline is attributable to the current epidemic emergency situation and there is no substantial change in customer retention rates. It should be noted that revenues from wash-hire segment in Italy, net of the hotel sector, rose by 2.4% in the first quarter of 2021, primarily due to new tenders in the north-eastern area. Revenues in Brazil are characterized by double-digit organic growth in local currency (up by 14.6%), offset by a negative exchange rate translation effect of 29.2% (depreciation of the Brazilian Real against the Euro), resulting in a negative change for the period of 14.6%. Revenues in Turkey also registered an excellent organic growth of 9.4% for the period, offset by a negative exchange rate effect of 26.7% (depreciation of the Turkish lira against the Euro), resulting in a negative change in revenues of 17.3%.
- Revenues from **textile sterilization (steril B)** (which in absolute terms represent 7.6% of the Group's revenues) pass from Euro 4,432 thousand in the first three months of 2020 to Euro 4,574 thousand, up by 3.2%, owing to the supply of specific linen in use in some hospitals in Italy for the prevention of Covid-19 infection.
- Revenues from **surgical instruments sterilization services (steril C)** (which in absolute terms represent 16.7% of the Group's revenues) pass from Euro 10,768 thousand in 2020 to Euro 10,072 thousand in 2021, registering a decrease equal to 6.5%, which is mainly attributable to the decrease in surgery activities related to Coronavirus emergency. In fact, it should be noted that the 2020 period of comparison saw the first downturns linked to the impact of the pandemic crisis only starting from March 2020. The revenues connected to this business segment are still affected by the uncertainty in planning interventions and the availability of spaces dedicated to them connected to the epidemiological crisis still in progress.

**Consolidated EBITDA** goes from Euro 15,447 thousand in the first three months of 2020 to Euro 15,237 thousand in the same period of 2021. Despite the reduction in revenues compared to the previous year (-3.8%), EBITDA margin passes from 24.6% to 25.2% (25.5% at the same exchange rate). It should be noted that during the period a capital gain was recorded in relation to the sale of the workwear division amounting to Euro 1.5 million, although this was offset by the sharp drop in margins recorded by the hotel division which operated in the quarter with a substantial lack of turnover compared to the same quarter of the previous year. Brazil and Turkey particularly positive performances, as well as measures to contain operating and structural costs should also be noted. There was a higher proportion of raw material costs to turnover (up by 0.3%), primarily linked to the

purchase and consumption of disposable equipment and personal protective equipment (PPE) linked to the Covid-19 emergency, and an increase in the proportion of service costs (up by 1.9%), deriving in particular from a change in the logistical and production structure aimed at managing laundry and wardrobe services linked to the contingent situation of the Covid-19 emergency and the new tenders launched in north-eastern Italy. Payroll costs are slightly up as a percentage of revenues (0.3%), but down, in absolute terms, by 3% compared with the previous period, as a result of reduced use of temporary work and larger use of holidays, permits and redundancy fund (Italian CIG) in response to Covid-19 emergency. The excellent operating margins achieved at international level in both Brazil (EBITDA margin 32.2%) and Turkey (EBITDA margin 27.7%) are confirmed in 2021.

The operating result (**EBIT**) passes from Euro 1,914 thousand in the first three months of 2020 (EBIT margin 3.0%) to Euro 1,929 thousand in the same period of 2021 (EBIT margin 3.2% or 3.5% at the same exchange rates), mainly as a result of the trends already described in the comments on the change in EBITDA.

Financial expenses decreased compared to the same period of the previous year, mainly due to lower exchange rate losses recorded related to the depreciation of the Real and Turkish Lira against the Euro. It should also be noted that the results for the quarter were positively affected by the valuation of certain associated and jointly controlled companies using the equity method, totalling Euro 477 thousand.

The interim consolidated financial statements as at 31 March 2021 therefore close with a **net profit** of Euro 1,411 thousand, compared to Euro 158 thousand in the same period of the previous year.

### Significant events and transactions

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

On 26 February 2021, the Company announced that it had signed the closing relating to the sale to AlSCO Italia S.r.l. of the workwear business unit (the "Business Unit"), a preliminary disclosure to the market at the time of signing on 28 January. 2021. The agreement took effect on 1 March 2021 and provides for:

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

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

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

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

Customer	Description of service provided	Duration years	Contract value per year (Euro thousands)
Ospedale di Sassuolo S.p.A.*	Integrated hiring services	4	652

\* re-awarded

\*\*new customer

There are no contracts with an annual value per contract of more than Euro 50 thousand terminated in the first quarter of 2021.

### 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, despite of operating in strict compliance with the relevant regulations, have been impacted by the evolution of the contingent epidemiological situation.

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

### Significant events after the end of the period

On 20 April 2021, the Ordinary Shareholders' Meeting:

- (i) approved the Parent Company's financial statements as at 31 December 2020 and the allocation of the result of the year;
- renewed the authorization to purchase and dispose treasury shares, according to what proposed by the Board of Directors, subject to revocation of the previous authorization (dated 20 April 2018) for anything not used as proposed by the Board of Directors. The resolution authorizes to purchase a maximum of 6,361,890 ordinary shares with a par value of Euro 1.00 each, corresponding to the fifth part of Company's share capital (taking into account the shares already held by the Company from time to time) for a period of 18 months from today's date,



while the duration of the authorization relating to the disposal of treasury shares has no time limit;

- approved the remuneration policy of Servizi Italia S.p.A.;
- appointed the members of the Board of Directors, who will remain in office until the Shareholders' Meeting called to approve the financial statements as at 31 December 2023, also determining their remuneration.

As at 10 May 2021, the Company acquired a total of 1,731,760 treasury shares on the market regulated and managed by Borsa Italiana, equal to 5.44% of the share capital.

## Business outlook

The activities of the Group are affected by the general conditions of the economy and by the epidemiologic situation in the countries in which it operates. The Group has readjusted its governance strategy on the basis of the new medium-long term guidelines, integrating it with the new post-Covid-19 business strategy, aligning objectives and targets to the new reference context. For the year 2021, a climate of uncertainty remains regarding the possible effects of both the worsening of the pandemic crisis and the government measures to contain the contagion and those to support the economy that in the meantime will be implemented in the countries where the Group is present.

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

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

Furthermore, the Group as a whole may benefit from the effects of the internationalisation strategy, consolidating the positive results obtainable in the countries where it operates, particularly Brazil and Turkey.

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

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

## Servizi Italia and the financial markets

Since the listing of its shares, the Company has considered specifically interesting, as well as a duty to the market, to establish an ongoing dialogue with its shareholders, in full compliance with current regulations. As part of the process of compliance with the Corporate Governance Code and in accordance with Principle IV and Recommendation No. 3 thereof, on 19 January 2021, the Board of Directors adopted a Policy for the Management of Dialogue with Shareholders (the "Policy"), formulated by the Investor Relations Manager, in consultation with the Chairman. The Policy governs the methods of engagement and communication with all Company's current and potential shareholders in order, inter alia, to enhance the exchange of information and improve the level of mutual understanding between Company and investors, in compliance in any case with the provisions contained in EU Regulation no. 596/2014 of the European Parliament and of the Council of 16 April 2014 and the related implementing provisions on the management and public disclosure of "inside information" and the provisions of the "Procedure for the internal management and external disclosure of documents and information concerning Servizi Italia S.p.A." adopted by the Company.

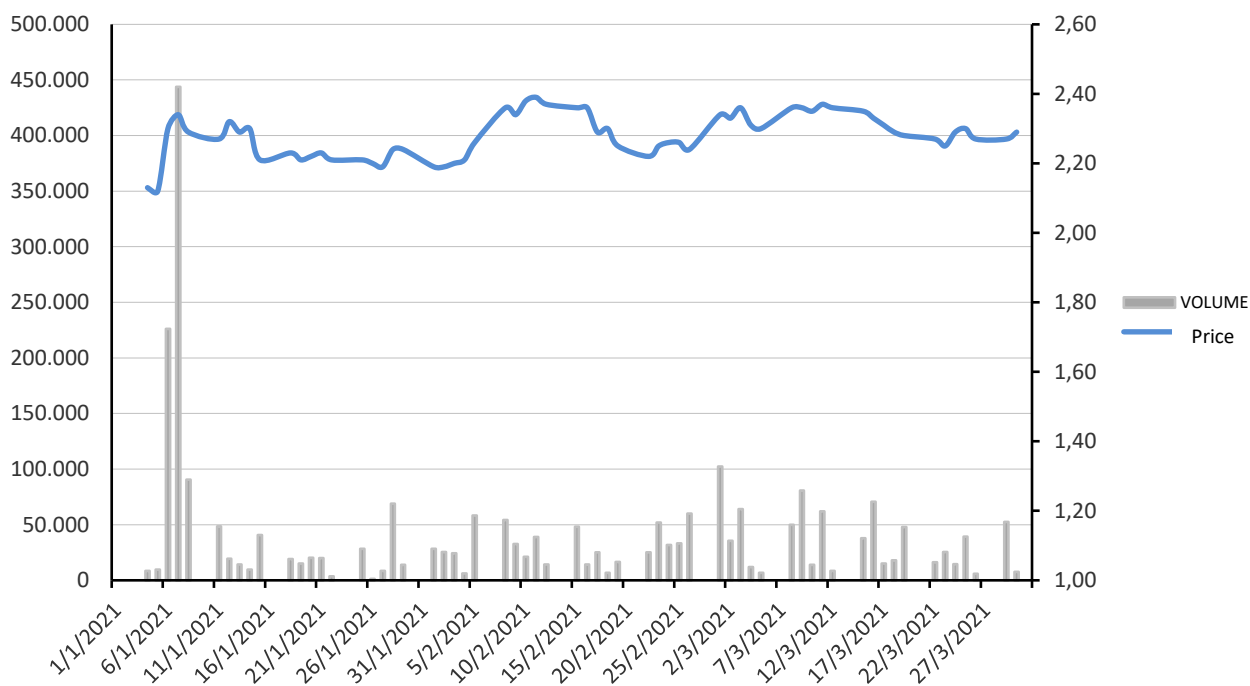
The Policy is aimed at fostering the stability of Shareholders' investments and sustainable success of the Company, providing the Shareholders with a better understanding of Company's objectives and requests to the Shareholders, promoting a communication that helps to align their interests with those of the Company and the Group. The policy is published on the website [www.servizitaliagroup.com](http://www.servizitaliagroup.com).

In order to better implement its relations with the market, the Company has set up specific sections that are easily identifiable, accessible and continually updated in its website, where news of importance to shareholders are provided, thereby enabling shareholders to consciously exercise their rights.

The Company shares have been traded on the STAR segment of the Borsa Italiana S.p.A. electronic stock market since 22 June 2009. The main share and stock exchange data as at 31 March 2021 are reported below, along with share volume and price trends (in Euros):

Share and stock exchange data	31 March 2021
No. of shares making up the share capital	31,809,451
Price at IPO: 04 April 2007	8.50
Price as at 31 March 2021	2.29
Maximum price during the period	2.39
Minimum price during the period	2.12
Average price during the period	2.28
Volumes traded during the period	2,514,746
Average volumes during the period	40,560

## Share volumes and prices as at 31 March 2021



During the period under analysis, the Investor Relations Team attended the Virtual STAR Conference in Milan (23 March 2021) and the MidCap Event in Paris (11 May 2021). During the meetings, which were held remotely, the Group's top management met many analysts and investors; in addition to that, throughout the period, the Investor Relations Team was available for individual and Group calls with anyone interested in having information and go deeper into activities and business.

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

### Other information

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

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

The Chairman of the Board of Directors

(Roberto Olivi)

## 4 ACCOUNTING SCHEDULES

### CONSOLIDATED STATEMENT OF FINANCIAL POSITION

<i>(thousands of Euros)</i>	31 March 2021	31 December 2020
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant and equipment	162,065	168,821
Intangible assets	4,977	5,238
Goodwill	64,814	65,639
Equity-accounted investments	25,439	24,582
Equity investments in other companies	3,018	3,018
Financial receivables	5,674	5,663
Deferred tax assets	8,097	8,091
Other assets	3,539	4,342
<b>Total non-current assets</b>	<b>277,623</b>	<b>285,394</b>
<b>Current assets</b>		
Inventories	8,875	7,996
Trade receivables	65,726	62,974
Current tax assets	2,015	2,019
Financial receivables	6,078	6,521
Other assets	14,085	9,752
Cash and cash equivalents	4,750	4,441
<b>Total current assets</b>	<b>101,529</b>	<b>93,703</b>
<b>TOTAL ASSETS</b>	<b>379,152</b>	<b>379,097</b>
<b>SHAREHOLDERS' EQUITY AND LIABILITIES</b>		
<b>Group shareholders' equity</b>		
Share capital	30,100	30,259
Other reserves and retained earnings	83,804	83,331
Net profit of the period	1,371	2,761
<b>Total shareholders' equity attributable to shareholders of the parent</b>	<b>115,275</b>	<b>116,351</b>
<b>Total shareholders' equity attributable to non-controlling interests</b>	<b>2,143</b>	<b>2,235</b>
<b>TOTAL SHAREHOLDERS' EQUITY</b>	<b>117,418</b>	<b>118,586</b>
<b>LIABILITIES</b>		
<b>Non-current liabilities</b>		
Due to banks and other lenders	61,730	56,262
Deferred tax liabilities	2,233	2,500
Employee benefits	9,561	9,582
Provisions for risks and charges	4,491	4,804
Other financial liabilities	2,214	2,905
<b>Total non-current liabilities</b>	<b>80,229</b>	<b>76,053</b>
<b>Current liabilities</b>		
Due to banks and other lenders	82,495	84,307
Trade payables	80,644	76,934
Current tax liabilities	142	124
Employee benefits	-	67
Other financial liabilities	774	3,353
Provisions for risks and charges	1,081	1,523
Other liabilities	16,369	18,150
<b>Total current liabilities</b>	<b>181,505</b>	<b>184,458</b>
<b>TOTAL LIABILITIES</b>	<b>261,734</b>	<b>260,511</b>
<b>TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES</b>	<b>379,152</b>	<b>379,097</b>

## CONSOLIDATED INCOME STATEMENT

(thousands of Euros)	31 March 2021	31 March 2020
<b>Revenues from sales</b>	<b>60,459</b>	<b>62,856</b>
Other income	2,687	926
Raw materials and consumables	(6,875)	(6,938)
Costs for services	(19,920)	(19,506)
Personnel expenses	(20,805)	(21,445)
Other costs	(309)	(446)
Depreciation/amortization and provisions	(13,308)	(13,533)
<b>Operating profit (loss)</b>	<b>1,929</b>	<b>1,914</b>
Financial income	178	404
Financial expenses	(1,153)	(1,647)
Income/(Expense) from equity investments	-	-
Revaluation/impairment of equity-accounted investments	477	(877)
<b>Profit (Loss) before taxes</b>	<b>1,431</b>	<b>(206)</b>
Income taxes	(20)	364
<b>Profit (Loss) of the period</b>	<b>1,411</b>	<b>158</b>
<i>of which: Share pertaining to the Shareholders of the Parent Company</i>	1,371	(39)
<i>Share pertaining to the minority shareholders</i>	40	197

## COMPREHENSIVE CONSOLIDATED INCOME STATEMENT

(thousands of Euros)	31 March 2021	31 March 2020
<b>Profit (Loss) of the period</b>	<b>1,411</b>	<b>158</b>
<i>Other comprehensive income that will not be reclassified to the Income Statement</i>		
Actuarial gains (losses) on defined benefit plans	-	-
Income taxes on other comprehensive income	-	-
<i>Other comprehensive income that may be reclassified to the Income Statement</i>		
Gains (losses) from translation of foreign financial statements	(2,455)	(9,377)
Portion of comprehensive income of the investments measured using the equity method	287	(140)
Income taxes on other comprehensive income	-	-
<b>Total other comprehensive income after taxes</b>	<b>(2,168)</b>	<b>(9,517)</b>
<b>Total comprehensive income for the period</b>	<b>(757)</b>	<b>(9,359)</b>
<i>of which: Attributable to shareholders of the parent</i>	(712)	(9,308)
<i>Attributable to non-controlling interests</i>	(45)	(51)

## CONSOLIDATED NET FINANCIAL POSITION

(thousands of Euros)	31 March 2021	31 December 2020	31 March 2020
Cash and cash equivalents in hand	25	22	29
Cash at bank	4,725	4,419	9,005
<b>Cash and cash equivalents</b>	<b>4,750</b>	<b>4,441</b>	<b>9,034</b>
Current financial receivables	6,078	6,521	8,047
Current liabilities to banks and other lenders	(82,495)	(84,307)	(89,846)
<i>of which financial liabilities for IFRS 16</i>	(3,432)	(3,441)	(3,467)
<b>Current net financial debt</b>	<b>(76,417)</b>	<b>(77,786)</b>	<b>(81,799)</b>
Non-current liabilities to banks and other lenders	(61,730)	(56,262)	(62,344)
<i>of which financial liabilities for IFRS 16</i>	(28,391)	(29,502)	(31,031)
<b>Non-current net financial debt</b>	<b>(61,730)</b>	<b>(56,262)</b>	<b>(62,344)</b>
<b>Net financial debt</b>	<b>(133,397)</b>	<b>(129,607)</b>	<b>(135,109)</b>

## 5 EXPLANATORY NOTES

### 5.1 Introduction

This Interim Report as at 31 March 2021 has been drafted in compliance with Art. 154-ter of the Consolidated Law on Finance.

The accounting principles and criteria adopted to prepare this Interim Report as at 31 March 2021, which has not been audited, are the same used to draft the annual financial statements as at 31 December 2020.

The subsidiaries San Martino 2000 S.c.r.l, Steritek S.p.A, Wash Service S.r.l., Ekolav S.r.l., SRI Empreendimentos e Participações Ltda (parent company of Lavsím Higienização Têxtil S.A., Maxlav Lavanderia Especializada S.A., Vida Lavanderias Especializada S.A., Aqualav Serviços De Higienização Ltda) are all consolidated line-by-line, as well as Ankateks Turizm İnşaat Tekstil Temizleme Sanayi ve Ticaret Ltd Şirketi (parent company of Ergülteks Temizlik Tekstil Ltd. Sti).

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

This Interim Report is approved by the Board of Directors on 13 May 2021.

### 5.2 Performance by business segment and geographical area

Revenues from sales and services of Servizi Italia Group are shown below divided by business line for periods ending on 31 March 2021 and 31 March 2020.

(thousands of Euros)	31 March 2021	%	31 March 2020	%	Change %	Organic change %	Transl. change %
Wash-hire	45,813	75,8%	47,656	75.8%	-3.9%	1.8%	-5.6%
Linen Sterilization (STERIL B)	4,574	7,6%	4,432	7.1%	3.2%	3.2%	0.0%
Surgical instrument sterilization (STERIL C)	10,072	16,7%	10,768	17.1%	-6.5%	-6.5%	0.0%
<b>Sales revenue</b>	<b>60,459</b>	<b>100,0%</b>	<b>62,856</b>	<b>100.0%</b>	<b>-3.8%</b>	<b>0.5%</b>	<b>-4.3%</b>

- Revenues from wash-hire services (which in absolute terms represent 75.8% of Group's revenues) pass from Euro 47,656 thousand in the first three months of 2020 to Euro 45,813 thousand in 2021, supported by the excellent growth in Brazil and Turkey, however offset by a negative exchange rate variation. In Italy, a significant drop in revenues is noted, mainly attributable to the downturn in the hotel and restaurant sector throughout the first quarter of 2021 compared to the first quarter of 2020 where the contraction only took place from March 2020. It should be noted that the decline is attributable to the current epidemic emergency situation and there are also no substantial changes in customer retention rates. It should be noted that revenues from the wash-hire segment in Italy, net of the hotel sector, rose by 2.4% in the first quarter of 2021, primarily due to new tenders in the north-eastern area. Revenues in the Brazil area are characterized by double-digit organic growth in local currency (up by 14.6%), offset by a negative exchange rate translation effect of 29.2% (depreciation of the Brazilian Real against the Euro), resulting in a negative change for the period of 14.6%. Revenues in Turkey also registered excellent organic

growth of 9.4% for the period, offset by a negative exchange rate effect of 26.7% (depreciation of the Turkish lira against the euro), resulting in a negative change in revenues of 17.3%.

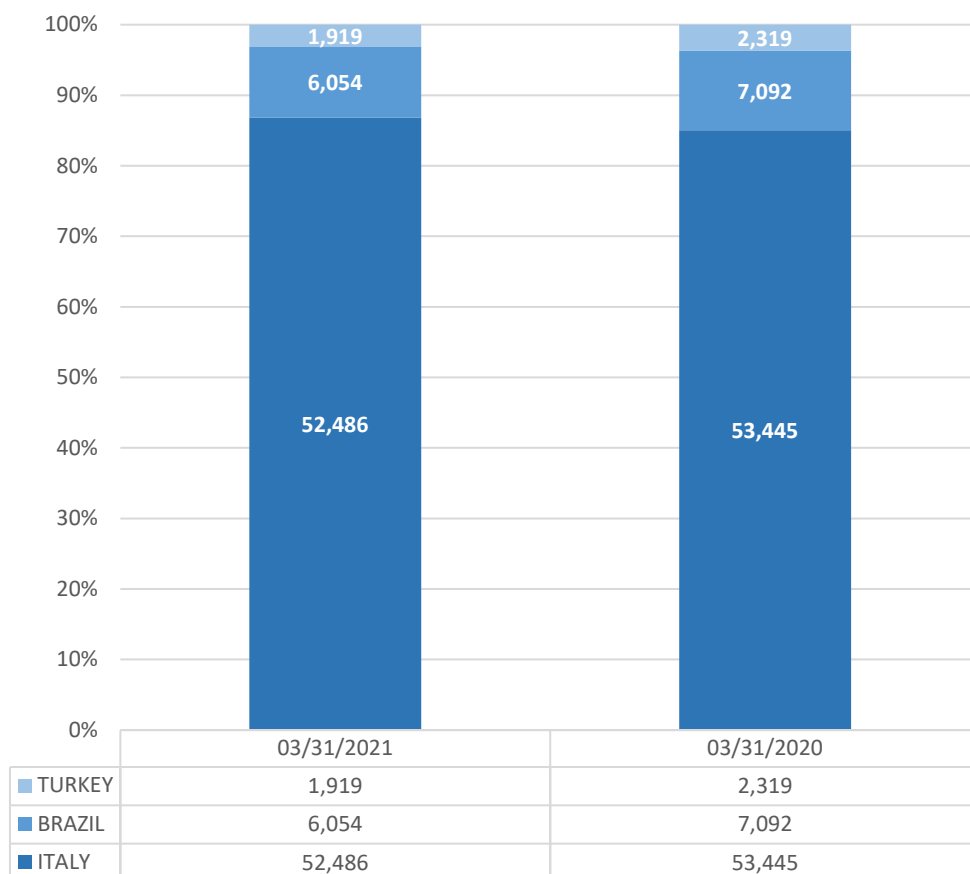
- Revenues from linen sterilization services (steril B) (which in absolute terms represent 7.6% of Group's revenues) pass from Euro 4,432 thousand in the first three months of 2020 to Euro 4,574 thousand, up by 3.2% due to the supply of specific linen for preventing Covid-19 spreading in some Italian hospitals.
- Revenues from surgical instruments sterilization services (steril C) (which in absolute terms represent 16.7% of Group's revenues) pass from Euro 10,768 thousand in 2020 to Euro 10,072 thousand in 2021, down by 6.5% mainly due a decrease of surgical operations connected to Coronavirus emergency. In fact, it should be noted that the period of comparison of the 2020 financial year saw the first downturns linked to the impact of the pandemic crisis only starting from March 2020. The revenues connected to this business segment are still affected by the uncertainty in the planning of the interventions and the availability of the spaces dedicated to them connected to the epidemiological crisis still in progress.

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



The table below shows revenue from sales and services of the Group broken down by geographical area, for the periods ending on 31 March 2021 and 2020:

(thousands of Euros)	31 March 2021	%	31 March 2020	%	Change %	Organic change %	Translation change %
Italy	52,486	86.8%	53,445	85.0%	-1.8%	-1.8%	-
Brazil	6,054	10.0%	7,092	11.3%	-14.6%	14.6%	-29.2%
Turkey	1,919	3.2%	2,319	3.7%	-17.3%	9.4%	-26.7%
<b>Revenues from sales</b>	<b>60,459</b>	<b>100.0%</b>	<b>62,856</b>	<b>100%</b>	<b>-3.8%</b>	<b>0.5%</b>	<b>-4.3%</b>



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

#### Property, plant and equipment

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

(thousands of Euros)	Land and buildings	Plant and machinery	Returnable assets	Equipment	Other assets	Assets under construction	Total
Historical cost	43,188	153,224	34,900	70,023	157,623	6,573	465,531
Accumulated depreciation	(8,823)	(105,039)	(25,699)	(56,500)	(100,649)	-	(296,710)
<b>Balance as at 31 December 2020</b>	<b>34,365</b>	<b>48,185</b>	<b>9,201</b>	<b>13,523</b>	<b>56,974</b>	<b>6,573</b>	<b>168,821</b>
Translation differences	(106)	(705)	(69)	(40)	(450)	(133)	(1,503)
Increases	200	422	59	1,108	11,774	2,560	16,123
Decreases	(3,659)	(2,846)	(14)	(295)	(1,679)	(34)	(8,527)
Amortization	(799)	(2,063)	(393)	(1,245)	(8,349)	-	(12,849)
Write-downs (reinstatements)	-	-	-	-	-	-	-
Reclassifications	-	313	220	397	890	(1,820)	-
<b>Balance as at 31 March 2021</b>	<b>30,001</b>	<b>43,306</b>	<b>9,004</b>	<b>13,448</b>	<b>59,160</b>	<b>7,146</b>	<b>162,065</b>
Historical cost	38,486	145,750	34,976	70,801	166,636	7,146	463,795
Accumulated depreciation	(8,485)	(102,444)	(25,972)	(57,353)	(107,476)	-	(301,730)
<b>Balance as at 31 March 2021</b>	<b>30,001</b>	<b>43,306</b>	<b>9,004</b>	<b>13,448</b>	<b>59,160</b>	<b>7,146</b>	<b>162,065</b>

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



Investments in tangible fixed assets as at 31 March 2021 are equal to Euro 16,123 thousand and mainly refer to the purchase of linen in Italy (Euro 9,942 thousand) and Brazil (Euro 1,410 thousand) recorded as “Other assets”.

The increase in item “Equipment” mainly refers to the purchase of surgical instruments for Euro 508 thousand made by the Parent Company.

The item “Land and Buildings” recorded a decrease of Euro 3,658 thousand mainly relating to the sale of the workwear business by the Parent Company, which included among the assets sold, the factory located in Barbariga (BS, Italy).

The item “Plant and machinery” recorded a decrease of Euro 2,846 thousand mainly related to the sale of plant and machinery included in the workwear division.

The increases in item “Assets under construction” relate to assets still under construction at the end of the quarter 2021 for Euro 2,560 thousand, mainly relating to investments in the wash-hire division for Euro 1,216 in Italy and Euro 1,134 thousand relating to the area of Brazil mainly relating to the commissioning of a sterilization plant in the area of Sao Paulo.

Reclassifications include decreases of Euro 1,820 thousand, primarily due to the start of new contracts (Euro 1,383 thousand) in the Parent Company’s contract for providing wash-hire services.

### 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	7,173	8,368	989	125	16,655
Accumulated depreciation	(5,689)	(5,278)	(450)	-	(11,417)
<b>Balance as at 31 December 2020</b>	<b>1,484</b>	<b>3,090</b>	<b>539</b>	<b>125</b>	<b>5,238</b>
Translation differences	(7)	-	(14)	-	(21)
Increases	85	-	-	39	124
Decreases	(5)	-	-	-	(5)
Amortization	(150)	(119)	(90)	-	(359)
Write-downs (reinstatements)	-	-	-	-	-
Reclassifications	5	-	-	(5)	-
<b>Balance as at 31 March 2021</b>	<b>1,412</b>	<b>2,971</b>	<b>435</b>	<b>159</b>	<b>4,977</b>
Historical cost	7,231	8,368	965	159	16,723
Accumulated depreciation	(5,819)	(5,397)	(530)	-	(11,746)
<b>Balance as at 31 March 2021</b>	<b>1,412</b>	<b>2,971</b>	<b>435</b>	<b>159</b>	<b>4,977</b>

### Goodwill

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

Goodwill is allocated by geographical area as follows:

(thousands of Euros)	as at 31 December 2020	Increases/ (Decreases)	Translation differences	as at 31 March 2021
CGU Italy	51,668	-	-	51,668
CGU Turkey	7,517	-	(473)	7,044
CGU Brazil	6,454	-	(352)	6,102
<b>Total</b>	<b>65,639</b>	<b>-</b>	<b>(825)</b>	<b>64,814</b>

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

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

### Equity-accounted investments

The value of equity-accounted investments changed as follows:

<i>(Euro thousand)</i>	as at 31 March 2020	as at 31 December 2020
<b>Initial balance</b>	<b>22,483</b>	<b>24,171</b>
Increases/(decreases)	255	527
OCI changes	287	(377)
Share of profit/(loss)	477	(1,664)
Translation differences	(167)	(174)
<b>Final balance</b>	<b>23,335</b>	<b>22,483</b>
of which recognized in provisions for risks and charges	(2.104)	(2.099)
of which recorded in equity-accounted investments	25.439	24.582

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

The positive item in OCI change (Euro 287 thousand) corresponds to the portion attributable to the Servizi Italia Group, within the scope of application of the equity method, of the change in the fair value of the hedging derivatives subscribed by the company Ospedal Grando S.p.A. (controlled by the jointly controlled company Finanza e Progetti S.p.A.).

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

### Other non-current assets

The item is broken down as follows:

<i>(thousands of Euros)</i>	as at 31 March 2021	as at 31 December 2020
Substitute Italian tax D.L. 185/2008 subsequent years	1,931	2,642
Receivables for IRES reimbursement request pursuant to Art. 2 par. 1-quater Italian D.L. n. 201	175	175
Aqualav receivable, in escrow account	1,190	1,258
Other non-current assets	243	267
<b>Total</b>	<b>3,539</b>	<b>4,342</b>

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

### Trade receivables

Trade receivables amount to Euro 65,726 thousand as at 31 March 2021, up by Euro 2,752 thousand compared to 31 December 2020.

During the first three months of 2021, the Servizi Italia Group carried out several transactions involving the sale of receivables, as described below:

- transfer without recourse to Credemfactor S.p.A of Euro 7,180 thousand in trade receivables for consideration of Euro 7,167 thousand;
- transfer without recourse to Unicredit Factoring S.p.A of Euro 11,107 in trade receivables for consideration of Euro 11,088 thousand;
- transfer without recourse to IFITALIA of Euro 2,089 in trade receivables for consideration of Euro 2,087 thousand.

### Other current assets

The item is broken down as follows:

<i>(thousands of Euros)</i>	as at 31 March 2021	as at 31 December 2020
Due from others	10,853	8,056
Prepayments	3,031	1,478
Guarantee deposits receivables	198	214
Accrued income	3	4
<b>Total</b>	<b>14,085</b>	<b>9,752</b>

The item “Receivables from others” is mainly composed of VAT receivables for Euro 7,684 thousand (Euro 4,674 as at 31 December 2020) and, for the remaining part, mainly by advances and receivables toward welfare institutions, all collectable within the year. The item “Prepayments” increased primarily as a result of rentals and insurance premiums that were recognized at the beginning of the year. The item “Guarantee deposits” refers to energy utilities and rentals.

### Shareholders' Equity

As at 31 March 2021, the fully subscribed and paid-up share capital of Servizi Italia S.p.A. is broken down into 31,809,451 ordinary shares with a nominal amount of Euro 1 each. The Parent Company, throughout the first three months of 2021, has purchased 158,800 treasury shares, equal to 0.50% of the share capital, with an average book value of Euro 2.29 per share, for a countervalue of Euro 364 thousand. Following these transactions, the Company held 1,709,260 treasury shares, equal to 5.37% of the share capital as at 31 March 2021. The value of the treasury shares held on 31 March 2021, equal to Euro 4,973 thousand has been classified as a reduction in shareholders' equity.

In addition, note should be taken of the negative impact, for Euro 2,455 thousand, on the translation reserves of the equity of the companies that prepare their financial statements in foreign currency and mainly as a result of the devaluation of the Brazilian Real and the Turkish Lira.

### **Non-current liabilities to banks and other lenders**

Payables to banks and other non-current lenders increased from Euro 56,262 thousand as at 31 December 2020 to Euro 61,730 thousand as at 31 March 2021. This change, amounting to Euro 5,468 thousand, is mainly connected with the taking out of new loans during the period, offset by the decrease in debt to other lenders relating to financial liabilities under IFRS 16.

### **Other non-current payables**

The item is broken down as follows:

<i>(thousands of Euros)</i>	as at 31 March 2021	as at 31 December 2020
Payables to Area S.r.l.	-	200
Payables to Wash Service S.r.l. shareholders	-	496
Put option payables of Steritek S.p.A.	1,832	1,828
Put option payables of Wash Service S.r.l.	382	381
<b>Total</b>	<b>2,214</b>	<b>2,905</b>

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

### **Current liabilities to banks and other lenders**

Current liabilities to banks and other lenders decreased by Euro 1,812 thousand, passing from Euro 84,307 thousand as at 31 December 2020 to Euro 82,495 thousand as at 31 March 2021. The decrease in the balance mainly comes from the repayment of loan installments falling due during the period and less use of self-liquidating lines of credit than in the comparative period.

### **Trade payables**

The item is broken down as follows:

<i>(thousands of Euros)</i>	as at 31 March 2021	as at 31 December 2020
Due to suppliers	73,237	70,676
Due to associates	2,043	2,303
Due to parent company	4,853	3,863
Payables to companies under the control of the parent companies	511	92
<b>Total</b>	<b>80,644</b>	<b>76,934</b>

### **Other current payables**

The item is broken down as follows:

<i>(thousands of Euros)</i>	as at 31 March 2021	as at 31 December 2020
Payables to Area S.r.l.	200	-
Payables to Finanza e Progetti S.p.A.	-	1,770
Deferred price Aqualav Serviços De Higienização L.t.d.a.	77	81
Payables to Lavanderia Bolognini M&S S.r.l.	-	1,000
Payables to Wash Service S.r.l. shareholders	497	502
<b>Total</b>	<b>774</b>	<b>3,353</b>

The change in the item is connected in particular to the payment of one of the price tranches for Euro 502 thousand, for 90% of the shares of Wash Service S.r.l. acquired during 2019 and the reclassification of the last price tranche relating to the acquisition of Wash Service S.r.l. and the company Brixia S.r.l. to be paid to Area S.r.l, as well as the payment of the remaining tranche of the acquisition from Lavanderia Bolognini M&S S.r.l. of the business unit operating in the industrial washing and hiring sector for private facilities.

#### **Other current financial liabilities**

The item is broken down as follows:

<i>(thousands of Euro)</i>	as at 31 March 2021	as at 31 December 2020
Accrued liabilities	125	246
Deferred income	80	43
Social security and welfare contributions	3,527	5,303
Due to employees	9,719	8,494
Employee/professional IRPEF (personal income tax) payable	1,748	2,648
Other payables	1,170	1,416
<b>Total</b>	<b>16,369</b>	<b>18,150</b>

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

##### **Raw materials and consumables**

As at 31 March 2021, the consumption of raw materials (equal to Euro 6,875 thousand, slightly down by Euro 63 thousand compared to the same period of the previous year) mainly refers to washing products, chemical products, packaging, as well as disposables and PPE for new customers and Covid-19 emergency.

##### **Costs for services**

The item is broken down as follows:

<i>(thousands of Euros)</i>	From 1 January to 31 March	
	2021	2020
External laundering and other industrial services	7,336	6,175
Travel and transport	3,379	3,564
Utilities	3,149	3,337
Administrative costs	938	725
Consortium and sales costs	1,480	1,983
Personnel expense	560	586
Maintenance	2,025	1,990
Use of third-party assets	697	701
Other services	356	445
<b>Total</b>	<b>19,920</b>	<b>19,506</b>

The item "Costs for services" registers an increase compared to the same period of the previous year (Euro 414 thousand), passing from Euro 19,506 thousand in the first quarter of 2020 to Euro 19,920 thousand in the first quarter 2021. Costs for external services show an increase of Euro 1,161

thousand. The item is affected by a changed logistical and production structure aimed at managing laundry and wardrobe service related to the contingent emergency situation from Covid-19 and the new tenders launched in the area of northeastern Italy. Costs related to utilities show a decrease of Euro 188 thousand compared to 31 March 2020, mainly due to the decrease in production related to the hotel sector at the Arco di Trento plant (Covid-19 effect) and lower costs related to the closure of the Podenzano plant. The increase in “Administrative costs” of Euro 213 thousand is mainly due to higher legal costs incurred by the Parent Company. Consortium and commercial costs decreased by Euro 503 thousand due to the termination of a number of contracts managed through a temporary business association.

### **Personnel expense**

The item is broken down as follows:

<i>(thousands of Euros)</i>	From 1 January to 31 March	
	2021	2020
Costs for directors' fees	284	378
Salaries and wages	14,314	14,667
Temporary work	461	350
Social security charges	4,747	5,081
Employee severance indemnity	940	906
Other costs	59	63
<b>Total</b>	<b>20,805</b>	<b>21,445</b>

The item “Personnel expense” pass from Euro 21,445 thousand as at 31 March 2020 to Euro 20,805 thousand as at 31 March 2021, down by Euro 640 thousand. The period was positively affected by personnel cost management aimed at dealing with the effects of the contingent epidemic emergency situation, through incentives to use vacations, leaves and the use of social shock absorbers granted for the emergency (Italian acronym CIG). In line with the new guidelines defined in the remuneration report, there were lower allocations linked to the variable remuneration policy for the period. Moreover, following the contraction in volumes in the hotel sector, there was a substantial reduction in labor costs linked to Arco di Trento plant.

	Personnel as at 31 March	
	2021	2020
Executives	17	19
Middle managers	40	47
White-collar staff	281	286
Blue-collar staff	3,328	3,259
<b>Total</b>	<b>3,666</b>	<b>3,611</b>

### **Depreciation and amortization**

The item is broken down as follows:

<i>(thousands of Euros)</i>	From 1 January to 31 March	
	2021	2020
Amortization of intangible assets	359	383
Depreciation of property, plant and equipment	12,844	12,980
Write-down and provisions	105	170
<b>Total</b>	<b>13,308</b>	<b>13,533</b>

The item “Depreciation and amortization” recorded a decrease of Euro 225 thousand compared to the same period of the previous year, passing from Euro 13,533 thousand in the first quarter 2020 to Euro 13,308 thousand as at 31 March 2021, remaining substantially in line.

### **Financial income**

The item is broken down as follows:

<i>(thousands of Euros)</i>	From 1 January to 31 March	
	2021	2020
Bank interest income	6	48
Default interest	64	165
Interest income on loans to third party companies	100	165
Other financial income	8	26
<b>Total</b>	<b>178</b>	<b>404</b>

Financial expenses are composed as follows:

<i>(thousands of Euros)</i>	From 1 January to 31 March	
	2021	2020
Interest expense and bank commission	(480)	(542)
Interest and expense to other lenders	(35)	(90)
Financial expense on employee benefits	(7)	(8)
Exchange rate losses	(107)	(365)
Other financial expenses	(524)	(642)
<b>Total</b>	<b>(1,153)</b>	<b>(1,647)</b>

The decrease in the item “Financial expenses” is primarily linked to the reduction in exchange losses related to the depreciation of the Real and the Turkish Lira against the Euro recorded in Brazil for Euro 61 thousand, in Italy for Euro 31 thousand and in Turkey for Euro 15 thousand.

## 5.5 Consolidated net financial position

(thousands of Euros)	31 March 2021	31 December 2020	31 March 2020
Cash and cash equivalents in hand	25	22	29
Cash at bank	4,725	4,419	9,005
<b>Cash and cash equivalents</b>	<b>4,750</b>	<b>4,441</b>	<b>9,034</b>
Current financial receivables	6,078	6,521	8,047
Current liabilities to banks and other lenders	(82,495)	(84,307)	(89,846)
<i>of which financial liabilities for IFRS 16</i>	(3,432)	(3,441)	(3,467)
<b>Current net financial debt</b>	<b>(76,417)</b>	<b>(77,786)</b>	<b>(81,799)</b>
Non-current liabilities to banks and other lenders	(61,730)	(56,262)	(62,344)
<i>of which financial liabilities for IFRS 16</i>	(28,391)	(29,502)	(31,031)
<b>Non-current net financial debt</b>	<b>(61,730)</b>	<b>(56,262)</b>	<b>(62,344)</b>
<b>Net financial debt</b>	<b>(133,397)</b>	<b>(129,607)</b>	<b>(135,109)</b>

Cash and cash equivalents increased by Euro 309 thousand compared to 31 December 2020.

It should be noted that payables to banks and other current financial institutions decreased by Euro 1,812 thousand compared to 31 December 2020 as a consequence of a wider use of self-liquidating lines.

Payables to banks and other non-current financial institutions showed an increase, passing from Euro 56,262 thousand as at 31 December 2020 to Euro 61,730 thousand as at 31 March 2021. This variation, amounting to Euro 5,468 thousand, is connected to the reclassification of short-term loan instalments due within the year and to the subscription of new loans obtained from banks for a total of Euro 15 million.

In the quarter there was also the collection of the price for the sale of the workwear business for approximately Euro 9.5 million, material investments, primarily textile and linen products to be introduced into the production process, for approximately Euro 15.5 million as well as the payment of the fourth installment of the price for the company Wash Service S.r.l. for Euro 0.5 million and capital increases in joint ventures for a total of Euro 2.0 million. The consolidated net financial position therefore went from Euro 129,607 thousand as at 31 December 2020 to Euro 133,397 thousand as at 31 March 2021 with a negative change of Euro 3,790 thousand.

Here follows also the net financial position drafted according to CESR Recommendation of 10 February 2005, now ESMA, which also reports the value of “Other current financial liabilities” in “Other current financial payables” and the value of “Other non-current financial liabilities” in “Other non-current payables”.

(thousands of Euros)	as at 31 March 2021	31 December 2020	as at 31 March 2020
A. Cash	25	22	29
B. Other cash equivalents	4,725	4,419	9,005
C. Securities held for trading	-	-	-
<b>D. Cash and cash equivalents (A)+(B)+(C)</b>	<b>4,750</b>	<b>4,441</b>	<b>9,034</b>
E. Current financial receivables	6,078	6,521	8,047
F. Current bank borrowings	(48,400)	(52,305)	(59,032)
G. Current portion of non-current borrowings	(34,096)	(32,002)	(30,814)
<i>of which financial liabilities for IFRS 16</i>	(3,432)	(3,441)	(3,467)
H. Other current financial payables	(774)	(3,353)	(7,544)
<b>I. Current financial debt (F)+(G)+(H)</b>	<b>(83,270)</b>	<b>(87,660)</b>	<b>(97,390)</b>
<b>J. Current net financial debt (I)-(E)-(D)</b>	<b>(72,442)</b>	<b>(76,698)</b>	<b>(80,309)</b>
K. Non-current bank borrowings	(61,730)	(56,262)	(62,344)



<i>of which financial liabilities for IFRS 16</i>	(28,391)	(29,502)	(31,031)
L. Bonds issued	-	-	-
M Other non-current payables	(2,214)	(2,905)	(3,387)
<b>N. Non-current financial debt (K)+(L)+(M)</b>	<b>(63,944)</b>	<b>(59,167)</b>	<b>(65,731)</b>
<b>O. Net financial debt (J)+(N)</b>	<b>(136,386)</b>	<b>(135,865)</b>	<b>(146,040)</b>

The Chairman of the Board of Directors

(Roberto Olivi)

----- o -----

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

The Financial Reporting Manager

(Angelo Minotta)