

Interim Management Report

as at 31 March 2022



**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
Tel. +39 0524 598511 - Fax +39 0524 598232
www.servizitaliagroup.com

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1 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 Milanese	Statutory auditor
Elena Iotti	Statutory auditor
Davide Barbieri	Alternate auditor
Valeria Gasperini	Alternate auditor

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 (IRM)
 e-mail: investor@si-servizitalia.com - Tel. +390524598511, Fax +390524598232

2 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 March 2022, 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
SRI Empreendimentos e Participações Ltda	City of São Paulo, State of São Paulo - Brazil	BRL 217,757,982	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 are 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%
Iniziativa 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 Iniziativa Produttive Piemontesi S.r.l. should be added to this.

3 DIRECTORS' REPORT

This Interim Report as at 31 March 2022 has been prepared in compliance with the International Accounting Standards (IFRS) issued by the International Accounting Standards Board (IASB) and approved by the European Union, and must be read together with the information provided in the consolidated financial statements as at 31 December 2021. 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).

Main consolidated income statement figures

The table below presents a comparison of the main consolidated income statement figures as at 31 March 2022 with the results as at 31 March 2021 (in thousands of Euros):

(thousands of Euros)	31 March 2022	31 March 2021	Change	Change %
Revenues	65,380	60,459	4,921	8.1%
EBITDA (a)	13,290	15,237	(1,947)	
EBITDA %	20.3%	25.2%		-4.9%
Operating profit (EBIT)	(537)	1,929	(2,466)	
Operating profit (EBIT)%	-0.8%	3.2%		-4.0%
Net profit	(273)	1,411	(1,684)	
Net profit %	-0.4%	2.3%		-2.8%

The income figures for the period felt the effects of the extraordinary components and, therefore, the main adjusted indicators are reported below:

(thousands of Euros)	31 March 2022	(1)	31 March 2022 adjusted	31 March 2021	Adjusted change	Change % adj.
Revenues	65,380	1,103	66,483	60,459	6,024	10.0%
EBITDA (a)	13,290		14,393	15,237	(844)	
EBITDA %	20.3%		21.6%	25.2%		-3.6%
Operating profit (EBIT)	(537)		566	1,929	(1,363)	
Operating profit (EBIT)%	-0.8%		0.9%	3.2%		-2.3%
Net profit	(273)	796	523	1,411	(888)	
Net profit %	-0.4%		0.8%	2.3%		-1.5%

(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.

(1) The adjusted figures do not take into account the lower revenues of Euro 1,103 thousand deriving from ISTAT starting from the services provided for the Ferrara Hospital through the project company Prog.este S.p.A. from 2014 to 2021. For more details, see the paragraph “Significant events after the end of the first quarter”.

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 2022 with the figures as at 31 December 2021 (in thousands of Euros):

(thousands of Euros)	31 March 2022	31 December 2021	Change	Change %
Net operating working capital ^(a)	(3,260)	(2,138)	(1,122)	52.5%
Other current assets/liabilities ^(b)	(7,007)	(12,247)	5,240	-42.8%
Net working capital	(10,267)	(14,385)	4,118	-28.6%
Non-current assets - medium/long-term provisions	268,384	261,201	7,183	2.7%
<i>of which Rights of use under IFRS 16</i>	29,518	28,759	759	2.6%
Net invested capital	258,117	246,816	11,301	4.6%
Shareholders' equity (B)	127,149	121,119	6,030	5.0%
Net financial debt ^(d) (A)	130,968	125,697	5,271	4.2%
<i>of which Financial liabilities under IFRS 16</i>	31,263	30,572	691	2.3%
Net invested capital^(c)	258,117	246,816	11,301	4.6%
Gearing [A/(A+B)]	50.7%	50.9%		
Debt/Equity (A/B)	103.0%	103.8%		

- (a) Net operating working capital is not an accounting measurement under the IFRSs endorsed by the European Union. The Company management has defined net operating working capital as the algebraic sum of inventories, trade receivables and trade payables.
- (b) Other current assets/liabilities are calculated as the difference between other current assets, current tax receivables, current tax payables and other current liabilities.
- (c) The Company management has defined invested capital as the sum of Shareholders' equity and net financial debt.
- (d) The management has defined net financial debt as the sum of amounts Due to banks and other lenders net of Cash and cash equivalents and Current financial receivables.

Servizi Italia Group revenues and business performance

As at 31 March 2022, the business performance recorded consolidated revenues of the Servizi Italia Group of Euro 65,380 thousand, an increase of 8.1% (+9.0% at constant exchange rates or +10% adjusted) compared to as of 31 March 2021. It should be noted that the Parent Company, as better explained in the paragraph "Significant events after the end of the first quarter" to which reference should be made, recorded a total amount of Euro 1,103 thousand (hereinafter "ISTAT effective date") as a reduction in revenues of the period. The amount is exceptional both in the amount and in its occurrence.

Please note the following as regards revenue from sales and services by sector for 31 March 2022 compared to 31 March 2021:

- Revenues deriving from wash-hire services (which in absolute terms represent 77.4% of the Group's revenues) go from Euro 45,813 thousand in the first three months of 2021 to Euro 50,578 thousand in the same period of 2022, recording an increase of 10.4 % (or 11.5% at constant exchange rates), supported by an important growth in the Italian wash-hire sector which recorded an increase in revenues of 11.8%, an increase connected both to the tenders in the north-east of Italy and to the full recovery of the hotel business which in the first quarter of 2021 was essentially irrelevant due to Covid. Lower revenues were also recorded on the line for the ISTAT effective date starting from the years 2014-2021 from Prog.Este. S.p.A. for Euro 424 thousand. Net of this extraordinary impact, the line revenues would have increased by 11.3%. Revenues in the Brazil area were characterized by a slight drop in local currency (-2.1%), offset by a markedly positive exchange rate effect of 12.2% (appreciation of the Brazilian Real against the Euro) which led to a positive change of 10.1% for the period. The Turkish area recorded an organic growth of 48.9%, offset by a negative exchange rate effect of 64.2% (depreciation of the Turkish Lira against the Euro) which led to a negative change of turnover by 15.3%.
- Revenues from linen sterilization services (Steril B) (which in absolute terms represent 6.7% of the Group's revenues) go from Euro 4,574 thousand in the first three months of 2021 to Euro

4,406 thousand, with a decrease of 3.7% due to a lower supply of reusable technical fabric (TTR) in the north-east of Italy with respect to the comparison period. On the line there are also lower revenues for the *ISTAT effective date* from the years 2014-2021 from Prog.Este. S.p.A. for Euro 93 thousand, net of this extraordinary impact, the line would record a decrease of 1.6%.

- Revenues from surgical instruments sterilization services (Steril C) (which in absolute terms represent 15.9% of the Group's revenues) go from Euro 10,072 thousand in 2021 to Euro 10,396 thousand in 2022, with an increase of 3.2% mainly due to new orders in the north-east are of Italy and to the growth recorded in the period by Steritek S.p.A. for validation services (6.7% in absolute terms on the revenues recorded by the segment) which accounts for 0.9% of the line growth. On the line there are also lower revenues for the *ISTAT effective date starting* from the years 2014-2021 from Prog.Este. S.p.A. for Euro 586 thousand, net of this extraordinary impact, the line would record revenues up by 9.0%.

Consolidated **EBITDA** went from Euro 15,237 thousand in the first three months of 2021 to Euro 13,290 in the same period of 2022, going from 25.2% to 20.3% of revenues or a decrease in absolute value of 12.8%. The EBITDA margin for the period was affected by one-off and exceptional elements that characterized both the first quarter of 2022 and the first quarter of 2021. With regard to the first quarter of 2021, we note that it was positively influenced by the capital gain relating to the sale of the workwear branch for Euro 1.5 million. In the first quarter of 2022, on the other hand, the negative impact relating to the *ISTAT effective date* was recorded to Prog.Este. S.p.A. for Euro 1,103 thousand. Net of this latter impact, the EBITDA margin for the first quarter of 2022 would be equal to 21.6%. It should also be noted that in the first quarter of 2022 the growth in terms of incidence on revenues from costs for services (+2.9%) is mainly connected to the increases recorded by utilities such as gas and electricity as well as the activation of cloakroom services connected to launch of new tenders in north-east Italy. Personnel costs decreased in terms of incidence on turnover (-0.2%) compared to the previous period, albeit growing in absolute value (+7.5%) following the increase in the number of Group employees. In the period there was a slight decrease in operating margin results in the Brazil area (EBITDA margin going from 32.2% to 29.2%), and a significant decrease in Turkey (EBITDA margin which going from 27.7% 0.9%) mainly due to the increases recorded in the period, in different proportions in the respective countries, in relation to energy costs and costs for raw materials and the impact on operating costs, related to the strong inflationary increase, recorded in the Turkish area.

The consolidated operating result (EBIT) went from Euro 1,929 thousand during the first three months of 2021 (3.2% compared to the turnover for the period) to Euro -536 thousand during the same period in 2022 (-0.8% compared to the turnover for the period, or 0.9% adjusted), mainly due to the dynamics already described in the comment on the change in turnover and EBITDA and to a lower incidence of amortisation and depreciation for the period.

Financial management showed an increase in financial income compared to the same period of the previous year mainly due to exchange gains deriving from the appreciation of the Brazilian Real against the Euro. It should also be noted that the revaluations of some companies valued according to the equity method for a total of Euro 696 thousand had a positive impact on the results for the period.

Taxes for the period are positive for Euro 322 thousand with an incidence on the pre-tax result of 54.1% and mainly concern the allocation of deferred taxes on the tax losses incurred by the Parent Company.

Therefore, the consolidated intermediate financial statements as at 31 March 2022 closed with a net loss of Euro 273 thousand compared to the net profit of Euro 1,411 thousand for the same period of the year.

Significant events and transactions

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)
AOU Gaetano Martino of Messina*	Surgical instruments sterilisation service	8	2,068
CUC della Carnia - APSP La Quiete di Udine*	Hotel and support services	5	578

* renewed

** new customer

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

Customer	Service provided	Contract value per year (thousands of Euros)
ASST Sette Laghi - PO Tradate	Integrated linen wash-hire service	723

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 only in part impacted by the evolution of the contingent epidemiological situation during the period. We are confident that the effects associated with the pandemic risk will gradually diminish and that the Group will be able to adapt, as it has done in the past, to the consequent regulatory and market changes.

Significant events after the end of the first quarter

On 15 April 2022 the Parent Company received from the project company Prog.Este. S.p.A. a communication in which the loss of the same is announced at the Court of Appeal of Bologna, and the waiver of further appeal regarding the lawsuit brought by the Hospital of Ferrara and qualified as "ISTAT effective date". The sentence established the correct starting date for the application of ISTAT for the period on the enhancement of the services offered, which accrues not from the date of stipulation of the project financing (2006), but from the following year, that is to say from 31 December 2007. The period subject to recalculation pertaining to Servizi Italia concerns the years

from 2014 to 2021 for a total amount of Euro 1,103 thousand. The Parent Company has made provision for the aforementioned amount during the period, which is exceptional in terms of both the amount and its occurrence.

On 20 April 2022, the ordinary session of the Shareholders' Meeting:

- approved the financial statements of the Parent Company closed on 31 December 2021 and the allocation of the result for the year;
- expressed its favorable opinion on the second section of the Report on the remuneration policy of Servizi Italia SpA and on the remuneration paid;
- appointed the supplementary members of the Board of Statutory Auditors, also determining their relative remuneration;

As at 6 May 2022, the Company acquired a total of 2,173,358 treasury shares on the Euronext Milan Market managed by Borsa Italiana, equal to 6.83% of the share capital.

Business outlook

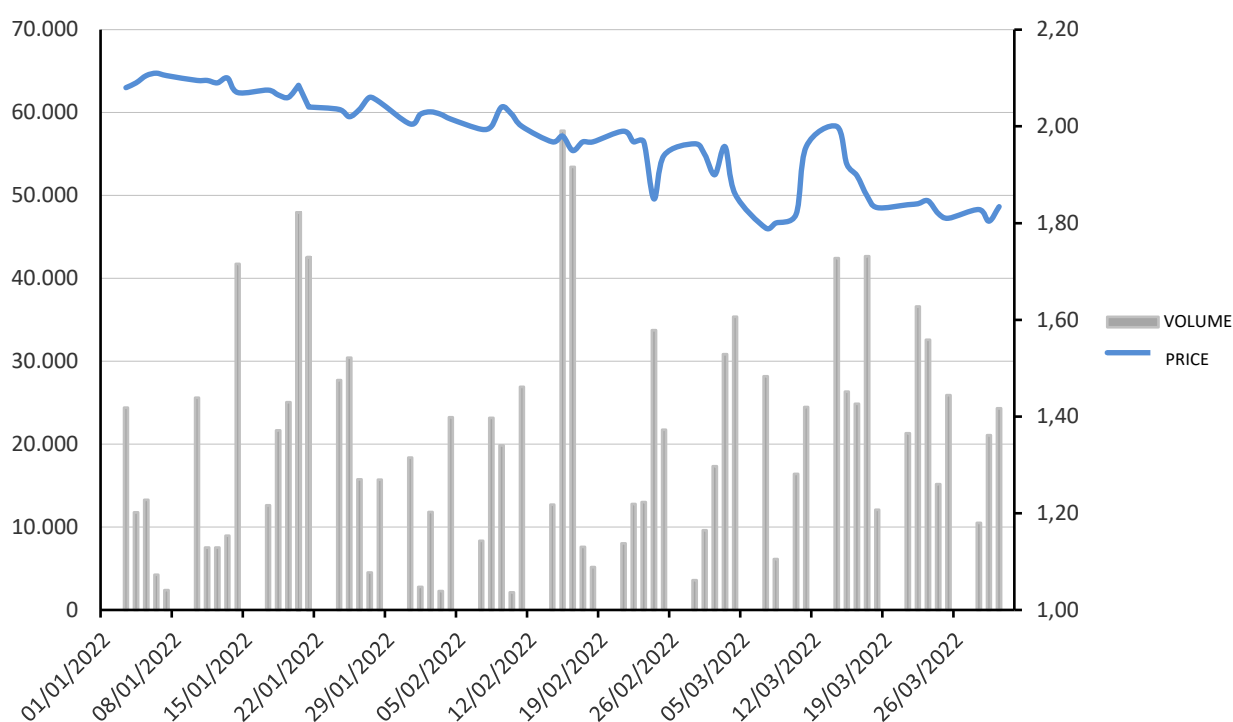
Although the short and medium-term forecasts are complex due to the destabilizing geopolitical context and the significant price increases recorded, for the year 2022 the Group anticipates positive results in Italy and Brazil, while the relative evolving scenario is more complex in relation to Turkey, increasingly oppressed by a context of growing inflation and currency volatility which affects energy and raw material costs more than proportionally warranted compared to the other areas in which the Group operates. 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. For the next few months, margin recovery actions are also planned aimed at the recognition to customers of a temporary refund aimed at partially mitigating the significant increase in energy costs, both thanks to all the government aids the Group will be able to access. The Group, in the medium-term strategy, despite the uncertainty of a situation deriving from an increase in energy costs and raw materials which is presumed to persist beyond the current year, expects an organic consolidation of its leadership position in the Italian and foreign market and a continuous search for optimization and efficiencies. The Group will continue to operate to reach its objectives and comply with commitments undertaken and aims to maintain a solid capital situation through an adequate financial balance and good creditworthiness with banking institutions.

Servizi Italia and the financial markets

From 22 June 2009, the Company's stock has been traded on the Euronext STAR Milan segment of Euronext Milan (EXM). The main share and stock exchange data as at 31 March 2022 is disclosed below along with share volume and price trends:

Share and stock exchange data	31 March 2022
No. of shares making up the share capital	31,809,451
Price at IPO: 4 April 2007	8.50
Price as at 31 March 2022	1.83
Maximum price during the period	2.11
Minimum price during the period	1.79
Average price during the period	1.98
Volumes traded during the period	1,355,037
Average volumes during the period	21,172

Share volumes and Prices as at 31 March 2022



During the reporting period, the investor relations team participated in the MidCap Event in Paris (11 May 2022). During the meetings, which were held in person, the Group's top management met with various analysts and investors; in addition to this, throughout the period, the Investor Relations Team remained available for individual and group calls with anyone interested in obtaining information and analysing activities and businesses.

In addition to the research study by Specialist Intermonete SIM, the Group also appointed Midcap Partners (Appointed rep by Louis Capital Markets UK, LLP).

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 EURONEXT STAR Milan 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 Chairman of the Board of Directors

(Roberto Olivi)

4 ACCOUNTING SCHEDULES

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

<i>(thousands of Euros)</i>	31 March 2022	31 December 2021
ASSETS		
Non-current assets		
Property, plant and equipment	167,622	163,326
Intangible assets	4,301	4,477
Goodwill	63,635	62,684
Equity-accounted investments	29,113	27,486
Equity investments in other companies	3,305	3,305
Financial receivables	4,550	3,746
Deferred tax assets	9,121	8,349
Other assets	3,162	3,495
Total non-current assets	284,809	276,868
Current assets		
Inventories	8,535	8,408
Trade receivables	69,102	65,139
Current tax receivables	1,865	1,872
Financial receivables	5,664	6,087
Other assets	13,599	9,585
Cash and cash equivalents	3,918	3,217
Total current assets	102,683	94,308
TOTAL ASSETS	387,492	371,176
SHAREHOLDERS' EQUITY AND LIABILITIES		
Group shareholders' equity		
Share capital	29,677	29,809
Other reserves and retained earnings	96,337	82,375
Profit (loss) for the period	(89)	7,500
Total shareholders' equity attributable to shareholders of the parent company	125,925	119,684
Total shareholders' equity attributable to non-controlling interests	1,224	1,435
TOTAL SHAREHOLDERS' EQUITY	127,149	121,119
LIABILITIES		
Non-current liabilities		
Due to banks and other lenders	54,382	58,750
Deferred tax liabilities	2,096	2,107
Employee benefits	8,740	8,338
Provisions for risks and charges	5,200	4,834
Other financial liabilities	389	388
Total non-current liabilities	70,807	74,417
Current liabilities		
Due to banks and other lenders	86,168	76,251
Trade payables	80,897	75,685
Current tax payables	402	276
Employee benefits	642	719
Other financial liabilities	1,860	2,454
Provisions for risks and charges	1,336	1,526
Other payables	18,231	18,729
Total current liabilities	189,536	175,640
TOTAL LIABILITIES	260,343	250,057
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	387,492	371,176

CONSOLIDATED INCOME STATEMENT

(thousands of Euros)	31 March 2022	31 March 2021
Sales revenues	65,380	60,459
Other income	1,292	2,687
Raw materials and consumables	(7,214)	(6,875)
Costs for services	(23,435)	(19,920)
Personnel expense	(22,376)	(20,805)
Other costs	(357)	(309)
Depreciation/amortisation, impairment and provisions	(13,827)	(13,308)
Operating profit	(537)	1,929
Financial income	337	178
Financial expenses	(1,091)	(1,153)
Income/(expense) from equity investments	-	-
Share of profit/loss of equity-accounted investments	696	477
Profit before tax	(595)	1,431
Current and deferred taxes	322	(20)
Profit (loss) for the period	(273)	1,411
of which: portion attributable to shareholders of the parent	(89)	1,371
Attributable to non-controlling interests	(184)	40

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(thousands of Euros)	31 March 2022	31 March 2021
Profit (loss) for the period	(273)	1,411
<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	5,692	(2,455)
Portion of comprehensive income of the investments measured using the equity method	871	287
Income taxes on other comprehensive income	-	-
Total other comprehensive income after taxes	6,563	(2,168)
Total comprehensive income for the period	6,290	(757)
of which: portion attributable to shareholders of the parent	6,501	(712)
Attributable to non-controlling interests	(211)	(45)

CONSOLIDATED NET FINANCIAL POSITION

(thousands of Euros)	31 March 2022	31 December 2021	31 March 2021
Cash and cash equivalents in hand	27	21	25
Cash at bank	3,891	3,196	4,725
Cash and cash equivalents	3,918	3,217	4,750
Current financial receivables	5,664	6,087	6,078
Current due to banks and other lenders	(86,168)	(76,251)	(82,495)
of which Financial liabilities under IFRS 16	(3,382)	(3,285)	(3,432)
Current net financial debt	(80,504)	(70,164)	(76,417)
Non-current due to banks and other lenders	(54,382)	(58,750)	(61,730)
of which Financial liabilities under IFRS 16	(27,881)	(27,287)	(28,391)
Non-current net financial debt	(54,382)	(58,750)	(61,730)
Net financial debt	(130,968)	(125,697)	(133,397)

5 NOTES

5.1 Introduction

The Interim Report as at 31 March 2022 has been prepared 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 2022, which has not been audited, are the same as those used to prepare the annual financial statements as at 31 December 2021. The consolidated subsidiaries are 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 the companies: Lavsím 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 Anonim Şirketi (parent company of the company: Ergülteks Temizlik Tekstil Ltd. Sti.).

The estimation criteria used to prepare the 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 2022.

5.2 Performance by business segment and geographical area

The revenue from sales and services of Servizi Italia Group shown below divided by business line and geographical area for the periods ending 31 March 2022 and 31 March 2021 show the following data and changes:

(thousands of Euros)	31 March 2022	%	31 March 2021	%	Change %	% Organic change	% Exchange rate change
Wash-hire	50,578	77.4%	45,813	75.8%	10.4%	11.5%	-1.1%
Linen sterilisation (Steril B)	4,406	6.7%	4,574	7.6%	-3.7%	-3.7%	0.0%
Surgical instrument sterilisation (Steril C)	10,396	15.9%	10,072	16.7%	3.2%	3.2%	0.0%
Sales revenues	65,380	100.0%	60,459	100.0%	8.1%	9.0%	-0.8%

(thousands of Euros)	31 March 2022	%	31 March 2021	%	Change %	% Organic change	% Exchange rate change
Italy	57,091	87.3%	52,486	86.8%	8.8%	8.8%	0.0%
Brazil	6,664	10.2%	6,054	10.0%	10.1%	-2.1%	12.2%
Turkey	1,625	2.5%	1,919	3.2%	-15.3%	48.9%	-64.2%
Sales revenues	65,380	100.0%	60,459	100.0%	8.1%	9.0%	-0.8%

It should be noted that the Parent Company, as better explained in the paragraph "Significant events after the end of the first quarter" to which reference should be made, recorded a total amount of Euro 1,103 thousand (hereinafter "ISTAT effective date") as a reduction in revenues of the period. The amount is exceptional both in the amount and in its occurrence.

- Revenues deriving from wash-hire services (which in absolute terms represent 77.4% of the Group's revenues) go from Euro 45,813 thousand in the first three months of 2021 to Euro 50,578 thousand in the same period of 2022, recording an increase of 10.4 % (or 11.5% at

constant exchange rates), supported by an important growth in the Italian wash-hire sector which recorded an increase in revenues of 11.8%, an increase connected both to the tenders in the north-east of Italy and to the full recovery of the hotel business which in 2021 was essentially absent due to Covid. Lower revenues were also recorded on the line for the ISTAT effective date starting from the years 2014-2021 from Prog.Este. S.p.A. for Euro 424 thousand. Net of this extraordinary impact, the line revenues would have increased by 11.3%. Revenues in the Brazil area were characterized by a slight drop in local currency (-2.1%), offset by a markedly positive exchange rate effect of 12.2% (appreciation of the Brazilian Real against the Euro) which led to a positive change of 10.1% for the period. The Turkish area recorded an organic growth of 48.9%, offset by a negative exchange rate effect of 64.2% (depreciation of the Turkish Lira against the Euro) which led to a negative change of turnover by 15.3%.0

- Revenues from linen sterilization services (Steril B) (which in absolute terms represent 6.7% of the Group's revenues) go from Euro 4,574 thousand in the first three months of 2021 to Euro 4,406 thousand, with a decrease of 3.7% due to a lower supply of reusable technical fabric (TTR) in the north-east of Italy with respect to the comparison period. On the line there are also lower revenues for the ISTAT effective date from the years 2014-2021 from Prog.Este. S.p.A. for Euro 93 thousand, net of this extraordinary impact, the line would record a decrease of 1.6%.
- Revenues from surgical instruments sterilization services (Steril C) (which in absolute terms represent 15.9% of the Group's revenues) go from Euro 10,072 thousand in 2021 to Euro 10,396 thousand in 2022, with an increase of 3.2% mainly due to new orders in the north-east are of Italy and to the growth recorded in the period by Steritek S.p.A. for validation services (6.7% in absolute terms on the revenues recorded by the segment) which accounts for 0.9% of the line growth. On the line there are also lower revenues for the ISTAT effective date starting from the years 2014-2021 from Prog.Este. S.p.A. for Euro 586 thousand, net of this extraordinary impact, the line would record revenues up by 9.0%.

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

Property, plant and equipment

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

<i>(thousands of Euros)</i>	Land and buildings	Plant and machinery	Returnable assets	Equipment	Other assets	Assets under construction	Total
Historical cost	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
Translation differences	274	1,182	228	160	1,575	694	4,113
Increases	1,377	731	90	1,043	10,043	496	13,780
Decreases	-	(5)	(1)	-	(23)	(22)	(51)
Amortisation	(817)	(2,031)	(395)	(1,183)	(9,120)	-	(13,546)
Impairments (reinstatements)	-	-	-	-	-	-	-
Reclassifications	-	185	7	6	104	(302)	-
Balance as at 31 March 2022	29,339	42,132	8,341	12,345	67,825	7,640	167,622
Historical cost	41,019	152,700	35,818	72,004	183,082	7,640	492,263
Accumulated amortisation	(11,680)	(110,568)	(27,477)	(59,659)	(115,257)	-	(324,641)
Balance as at 31 March 2022	29,339	42,132	8,341	12,345	67,825	7,640	167,622

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

The increases at 31 March 2022 mainly refer to investments in linen, included in the item Other assets, equal to Euro 9,741 thousand of which 8,633 thousand relating to the Italy area and Euro 1,108 thousand relating to the Brazil area. These investments are aimed at an increasingly efficient management of the inventories.

The item Land and Buildings records an increase of Euro 1,377 thousand mainly attributable to the change in the value of the right of use asset for the inflationary adjustment of lease contracts following the application of the IFRS16 accounting standard.

The Plant and Machinery item records an increase of Euro 731 thousand and regards investments made in the Turkey area for Euro 420 thousand.

The item Industrial and commercial equipment shows increases of Euro 1,043 thousand, of which Euro 469 thousand relating to the purchase of surgical instruments and Euro 574 thousand for the purchase of industrial equipment.

The increases in the item Fixed assets in progress relate to works on third party assets still under construction at 31 March 2022 for Euro 350 thousand in the Italy area, mainly relating to the wash-hire division, and Euro 146 thousand in the Brazil area.

The reclassifications of the item Fixed assets in progress show decreases of Euro 302 thousand relating to Euro 185 thousand to the entry into operation of new plants and machinery by the Parent Company.

Intangible assets

This item changed as follows:

<i>(thousands of Euros)</i>	Trademarks, Software, Patents and Intellectual Property Rights	Customer contracts portfolio	Other intangible assets	Assets under construction and payments on account	Total
Historical cost	7,712	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
Translation differences	24	-	31	1	56
Increases	59	-	-	3	62
Decreases	-	-	-	-	-
Amortisation	(158)	(112)	(24)	-	(294)
Impairments (reinstatements)	-	-	-	-	-
Reclassifications	132	-	-	(132)	-
Balance as at 31 March 2022	1,399	2,504	186	212	4,301
Historical cost	7,993	8,368	1,079	212	17,652
Accumulated amortisation	(6,594)	(5,864)	(893)	-	(13,351)
Balance as at 31 March 2022	1,399	2,504	186	212	4,301

The increases in the item Trademarks, Software and Patent rights and use of intellectual property are mainly attributable to the purchase by the Parent Company of software licenses. In addition, the reclassification from Assets in progress and advances to the item Trademarks, Software and Patent rights and use of intellectual property relating mainly to the entry into operation of new software licenses by the Parent Company should be noted.

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.

In particular, goodwill is allocated by geographical area as follows:

<i>(thousands of Euros)</i>	as at 31 December 2021	Increases/ (Decreases)	Translation differences	as at 31 March 2022
CGU Italy	51,668	-	-	51,668
CGU Turkey	4,497	-	(290)	4,207
CGU Brazil	6,519	-	1,241	7,760
Total	62,684	-	951	63,635

The change in the period is exclusively 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.

At the date of approval of this interim report, no facts or events have taken place that may indicate an impairment loss in the goodwill recognised and tested for impairment at the end of 2021.

Equity-accounted investments

This item changed as follows:

<i>(thousands of Euros)</i>	as at 31 March 2022	as at 31 December 2021
Opening balance	24,988	22,483
Increases/(decreases)	-	524
OCI changes	871	650
Revaluations/(write-downs)	696	1,923
Translation differences	(73)	(592)
Closing balance	26,482	24,988
of which recognised among provisions for risk and charges	(2,631)	(2,498)
of which recognised among equity-accounted investments	29,113	27,486

The revaluations and write-downs include the portions of profits and losses recorded by the investees in the period.

The item OCI changes, positive for Euro 871 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 the jointly controlled company Finanza e Progetti S.p.A.).

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 SAS Sterilizasyon Servisleri A.Ş.

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.

Other non-current assets

The item is broken down as follows:

<i>(thousands of Euros)</i>	as at 31 March 2022	as at 31 December 2021
Substitute tax Italian Decree Law 185/2008 subsequent years	1,219	1,931
Aqualav receivable in escrow account	1,513	1,271
Other non-current assets	430	293
Total	3,162	3,495

The change in the item is mainly due to the release to the income statement of the substitute taxes based on art. 15, paragraphs 10-12 of the Law Decree 185/08, paid in order to obtain the tax recognition of the goodwill values that emerged during the business combination. These substitute taxes were recognised as an advance on current taxes and entered into the Income Statement within the time frame when the company benefits from the tax deductions related to the respective goodwill amounts. The change in "Aqualav receivable in escrow account" is attributable to the appreciation of the exchange rate of the Real against the Euro.

Trade receivables

Trade receivables amount to Euro 69,102 thousand as at 31 March 2022, up by Euro 3,963 thousand compared to 31 December 2021.

From the start of the year to 31 March 2022, the Servizi Italia Group carried out some transactions involving the disposal of the receivables described below:

- it has transferred without recourse to Credemfactor S.p.A. Euro 3,533 thousand in trade receivables for a consideration of Euro 3,525 thousand;
- it has transferred without recourse to IFITALIA S.p.A. Euro 5,883 thousand in trade receivables for a consideration of Euro 5,876 thousand;
- it has transferred without recourse to Unicredit Factoring S.p.A. Euro 8,689 thousand in trade receivables for a consideration of Euro 8,673 thousand;
- it has transferred without recourse to BPER Factor S.p.A. Euro 3,327 thousand in trade receivables for a consideration of Euro 3,323 thousand;

Other current assets

The item is broken down as follows:

<i>(thousands of Euros)</i>	as at 31 March 2022	as at 31 December 2021
Due from others	10,400	8,034
Deferred income	3,009	1,360
Guarantee deposits receivable	180	191
Accrued income	10	-
Total	13,599	9,585

The item Receivables from others is mainly composed of the VAT receivable of the Parent Company requested for reimbursement for a total of Euro 6,383 thousand (Euro 4,711 as at 31 December 2021) and, for the remainder, mainly of advances and receivables from social security institutions, all due within the year. Prepayments increased primarily as a result of rentals and insurance premiums that were recognised at the beginning of the year. The item Guarantee deposits refers to energy utilities and rental contracts.

Shareholders' equity

As at 31 March 2022, the fully subscribed and paid-up share capital of Servizi Italia S.p.A. was broken down into 31,809,451 ordinary shares with a nominal amount of Euro 1 each. In the first three months of 2022, the Parent Company purchased 132,450 treasury shares for Euro 261 thousand, equal to 0.82% of the share capital, with an average purchase price of Euro 1.97 per share. Following these transactions, the Company held 2,132,858 treasury shares amounting to 6.70% of the share capital as at 31 March 2022. The value of the treasury shares held at 31 March 2022 of Euro 5,656 thousand was classified as a reduction in shareholders' equity.

In addition, note should be taken of the positive impact, for Euro 5.692 thousand, on the translation reserves of the equity of the Group that prepare their financial statements in foreign currency and mainly as a result of the appreciation of the Brazilian Real during the period.

Due to banks and other lenders

The item is broken down as follows:

(thousands of Euros)	as at 31 March 2022			as at 31 December 2021		
	Current	Non-current	Total	Current	Non-current	Total
Bank borrowing	82,665	26,480	109,145	72,833	31,398	104,231
Payables due to other lenders	3,503	27,902	31,405	3,418	27,352	30,770
Total	86,168	54,382	140,550	76,251	58,750	135,001

The portion of payables due within 12 months relating to the item Payables to banks and other lenders as at 31 March 2022 shows an increase of Euro 9,917 thousand, going from Euro 76,251 thousand at 31 December 2021 to Euro 86,168 thousand at 31 March 2022. This increase was brought about by the payment of the expired mortgage instalments for the period and a greater recourse to self-liquidating credit lines as well as the increase in the payable linked to the application of IFRS 16 in the period. Current payables to banks and other lenders due within 12 months show a decrease from Euro 58,750 thousand as at 31 December 2021 to Euro 54,382 thousand as at 31 March 2022. This change, equal to Euro 4,368 thousand, is mainly connected to the short-term reclassification of the loan instalments.

Provisions for risks and charges

The item is broken down as follows:

(thousands of Euros)	as at 31 March 2022	as at 31 December 2021
Opening balance	6,360	6,327
Provisions	145	1,884
Payments/resolutions	(270)	(2,008)
Translation differences	301	157
Closing balance	6,536	6,360

The item includes the provision for coverage of losses on equity investments for Euro 2.632 thousand, which refers to 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. It should also be noted that of the provisions recognized in the period equal to Euro 145 thousand, Euro 130 thousand relate to the losses attributable to the Servizi Italia group recorded by the equity investment Shubhram Hospital Solutions Private Limited.

The uses for the period concern the partial reversal of the provision for onerous contracts (at 31 March 2022 equal to Euro 752 thousand), the outcome of the estimates made in relation to the provisions of the international accounting standard IAS 37 regarding onerous contracts by the Parent Company. The reversal, equal to Euro 225 thousand, is aimed at offsetting the negative operating margins for the period estimated when preparing the consolidated financial statements as at 31 December 2021, in order to neutralize the impact on the Group's profitability. Based on the projections made to estimate the provision, and according to the average terms of the contracts examined, use of Euro 412 thousand of the amount allocated within 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 of Ariccia, the relevant information for which

was provided in the financial statements as at 31 December 2021, was also classified under current liabilities.

Other non-current financial liabilities

The item is broken down as follows:

<i>(thousands of Euros)</i>	as at 31 March 2022	as at 31 December 2021
Payable for Wash Service S.r.l. put option	389	388
Total	389	388

The item relates to the payable associated with the put option to the shareholders of Wash Service S.r.l.

Trade payables

The item is broken down as follows:

<i>(thousands of Euros)</i>	as at 31 March 2022	as at 31 December 2021
Due to suppliers	73,835	68,931
Due to associates	2,085	1,843
Due to parent company	4,424	4,703
Payables to companies under the control of the parent companies	553	208
Total	80,897	75,685

Other current financial liabilities

The item is broken down as follows:

<i>(thousands of Euros)</i>	as at 31 March 2022	as at 31 December 2021
Payable to Area S.r.l.	-	200
Deferred price Aqualav Serviços De Higienização Ltda	14	12
Payable for Steritek S.p.A. put option	1,846	1,843
Payables to Wash Service S.r.l. shareholders	-	399
Total	1,860	2,454

The change in the item is related in particular to the payment of the last price tranche for 90% of the share capital of Wash Service S.r.l. purchased in 2019, as well as to the payment of the remaining tranche of the acquisition from Area S.r.l. of the shares relating to the company Brixia S.r.l.

Other current payables

The table below provides a breakdown of other current payables.

<i>(thousands of Euros)</i>	as at 31 March 2022	as at 31 December 2021
Deferred income and accrued expenses	232	278
Payables due to social security and welfare institutions	4,499	5,202
Due to employees	10,697	9,723
Employee/professional IRPEF (personal income tax) payable	1,520	2,741
Other payables	1283	785
Total	18,231	18,729

The change in the item is mainly related to the payable to employees which, with respect to the comparison period, includes the progressive accrual of the related thirteenth month pay and bonuses.

5.4 Note on the main changes in the income statement

Raw materials and consumables

As of 31 March 2022, the consumption of raw materials amounted to Euro 7,214 thousand, an increase of Euro 339 thousand compared to the previous period, mainly as a result of the higher costs incurred for consumables and fuels, which were negatively affected by the increasing price dynamics. Consumption mainly refers to the purchase of washing products, chemicals, packaging, spare parts, as well as disposables and PPE products.

Costs for services

The item is broken down as follows:

<i>(thousands of Euros)</i>	from 1 January to 31 March	
	2022	2021
External laundering and other industrial services	8,156	7,336
Travel and transport	3,779	3,379
Utilities	5,191	3,149
Administrative costs	866	938
Consortium and sales costs	1,507	1,480
Personnel expense	667	560
Maintenance	2,224	2,025
Use of third-party assets	676	697
Other services	369	356
Total	23,435	19,920

Costs for services recorded an increase of 17.6% compared to the same period of the previous year equal to Euro 3,515 thousand, going from Euro 19,920 thousand in the first quarter of 2021 to Euro 23,435 thousand in the first quarter of 2022. The increase is also seen in terms of incidence on revenues, which went from 32.9% in the first three months of 2021 to 35.8% in the first three months of 2022, mainly due to the significant increases in energy tariffs recorded starting from last quarter of 2021. The item External services for laundries and other industrial services recorded an increase of Euro 820 thousand, mainly deriving from the changed logistical and production structure aimed at managing the laundry and cloakroom services connected to the launch of new tenders. Travel and transport costs show an increase of Euro 400 thousand compared to 31 March 2021, mainly generated by the Parent Company, and specifically to the hotel sector which returns to full activity compared to the first quarter of 2021, which was heavily affected by the Covid emergency, and to new tenders launched in the north-east of Italy (started in 2021, now fully operational). The costs relating to Utilities show an increase equal to Euro 2,042 thousand compared to the same period of the previous financial year or a growth of 2.7% in terms of incidence on revenues, due to the continuous significant rise in prices that began at the end 2021, and which have further worsened following the destabilizing macroeconomic and geopolitical context in place.

Personnel expense

The item is broken down as follows:

(thousands of Euros)	from 1 January to 31 March	
	2022	2021
Costs for directors' fees	311	284
Salaries and wages	15,204	14,314
Temporary work	699	461
Social security charges	4,993	4,747
Employee severance indemnity	1,110	940
Other costs	59	59
Total	22,376	20,805

The item Personnel costs went from Euro 20,805 thousand as at 31 March 2021 to Euro 22,376 thousand as at 31 March 2022, recording an increase of Euro 1,571 thousand. The increase is attributable both to an increase in costs relating to the item Wages and salaries, due to the increase in the number of Group employees, and to an increase relating to the item Temporary work, mainly attributable to the hotel sector and the entry into operation of tenders in north-east Italy started in the previous year.

	Units as of 31 March	
	2022	2021
Executives	17	17
Middle managers	38	40
White-collar staff	294	281
Blue-collar staff	3,360	3,328
Total	3,709	3,666

Depreciation, amortisation and impairment

The item is broken down as follows:

(thousands of Euros)	from 1 January to 31 March	
	2022	2021
Amortisation of intangible assets	293	359
Depreciation of property, plant and equipment	13,546	12,844
Impairment and provisions	(12)	105
Total	13,827	13,308

The item Amortisation, depreciation and write-downs recorded an increase compared to the same period of the previous year of Euro 519 thousand, from Euro 13,308 thousand in the first three months of 2021 in the same period of 2022. The change is mainly contextualized by the increase in the item Depreciation of tangible fixed assets, which goes from Euro 12,844 thousand as of 31 March 2021 to Euro 13,546 thousand in the same period of 2022 against the greater investments made in Italy and Brazil during 2021 and in the first quarter of 2022.

Financial income and expense

Financial income is broken down as follows:

<i>(thousands of Euros)</i>	from 1 January to 31 March	
	2022	2021
Bank interest income	11	6
Default interest	16	64
Interest income on loans to third-party companies	129	100
Other financial income	13	8
Exchange rate earnings	168	-
Total	337	178

Financial expenses are composed as follows:

<i>(thousands of Euros)</i>	from 1 January to 31 March	
	2022	2021
Interest expense and bank commission	(542)	(480)
Interest and expense to other lenders	(36)	(35)
Financial expense on employee benefits	(8)	(7)
Exchange rate losses	-	(107)
Other financial expenses	(505)	(524)
Total	(1,091)	(1,153)

The increase in the item Financial income is mainly attributable to exchange gains recorded in the period for Euro 168 thousand relating primarily to the appreciation of the Real against the Euro recorded with respect to the comparison period. The main change relating to financial expenses is attributable to the item Exchange losses recorded in the comparison period relating to the recorded depreciation of the Turkish Lira against the Euro.

5.5 Consolidated net financial position

(thousands of Euros)	31 March 2022	31 December 2021	31 March 2021
Cash and cash equivalents in hand	27	21	25
Cash at bank	3,891	3,196	4,725
Cash and cash equivalents	3,918	3,217	4,750
Current financial receivables	5,664	6,087	6,078
Current due to banks and other lenders	(86,168)	(76,251)	(82,495)
<i>of which Financial liabilities under IFRS 16</i>	<i>(3,382)</i>	<i>(3,285)</i>	<i>(3,432)</i>
Current net financial debt	(80,504)	(70,164)	(76,417)
Non-current due to banks and other lenders	(54,382)	(58,750)	(61,730)
<i>of which Financial liabilities under IFRS 16</i>	<i>(27,881)</i>	<i>(27,287)</i>	<i>(28,391)</i>
Non-current net financial debt	(54,382)	(58,750)	(61,730)
Net financial debt	(130,968)	(125,697)	(133,397)

The change in net financial debt at 31 March 2022 compared to 31 December 2021 includes, among other things, investments in materials, primarily textile and linen products to enter into the production process, for approximately Euro 12.3 million as well as the payment of the fifth and last instalment of the price for 90% of the company Wash Service S.r.l. for Euro 0.4 million and financial contributions in jointly controlled companies for a total of Euro 1.0 million. The consolidated net financial position therefore changes from Euro 125,697 thousand at 31 December 2021 to Euro 130,968 thousand at 31 March 2022 with a negative change equal to Euro 5,271 thousand showing however a positive change equal to Euro 2,429 thousand compared to 31 March 2021. Furthermore, it should be remembered that in the first quarter of 2021 there was also the collection of the price for the sale of the workwear branch for approximately Euro 9.5 million, an element of an extraordinary nature in the 2021 financial year.

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)	as at 31 March 2022	as at 31 December 2021	as of 31 March 2021
A. Cash and cash equivalents	3,918	3,217	4,750
B. Cash and cash equivalents	-	-	-
C. Other current financial assets	5,664	6,087	6,078
D. Cash and cash equivalents (A)+(B)+(C)	9,582	9,304	10,828
E. Current financial debt (including debt instruments, but excluding the current portion of non-current financial debt)	(50,553)	(40,012)	(49,174)
F. Current portion of non-current borrowings	(37,475)	(38,693)	(34,096)
<i>of which Financial liabilities under IFRS 16</i>	<i>(3,382)</i>	<i>(3,285)</i>	<i>(3,432)</i>
G. Current financial debt (E) + (F)	(88,028)	(78,705)	(83,270)
H. Current net financial debt (G) - (D)	(78,446)	(69,401)	(72,442)
I. Non-current financial debt (excluding the current portion and debt instruments)	(54,382)	(58,750)	(61,730)
<i>of which Financial liabilities under IFRS 16</i>	<i>(27,881)</i>	<i>(27,287)</i>	<i>(28,391)</i>
J. Debt instruments	-	-	-
K. Trade and other non-current payables	(389)	(388)	(2,214)
L. Non-current financial debt (I) + (J) + (K)	(54,771)	(59,138)	(63,944)
M. Net financial debt (H) + (L)	(133,217)	(128,539)	(136,386)

The Chairman of the Board of Directors

(Roberto Olivi)

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

The Financial Reporting Manager

(Angelo Minotta)