



Interim management report

as at 30 September 2022



**Servizi
Italia**

SERVIZI ITALIA S.P.A.
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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 Chairwoman
Michele Magagna(*)	Director
Umberto Zuliani	Director
Anna Maria Fellegara ⁽¹⁾	Independent Director
Benedetta Pinna ⁽¹⁾	Independent Director
Antonio Aristide Mastrangelo ⁽¹⁾⁽²⁾	Independent Director

(1) Member of the 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	Standing auditor
Elena Iotti	Standing auditor
Davide Barbieri	Alternate auditor
Valeria Gasperini	Alternate auditor

Supervisory Body (in office until 2 February 2025)

Name and Surname	Position
Veronica Camellini	Chairman
Antonio Ciriello	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 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 Register of Companies 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

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2 GROUP STRUCTURE

Servizi Italia S.p.A., with registered office in Castellina di Soragna (Parma, Italy), listed in the Euronext STAR Milan segment of the EXM, is the leading Italian operator in the supply of integrated services for the rental, washing and sterilisation of textiles 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, mainly 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 30 September 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 Company
Ekolav S.r.l.	Lastra a Signa (Florence) - Italy	EUR 100,000	100%
Wash Service S.r.l.	Castellina di Soragna (Parma) - Italy	EUR 10,000	90%
Steritek S.p.A.	Malagnino (Cremona) - Italy	EUR 134,500	95%
San Martino 2000 S.c.r.l.	Genoa - Italy	EUR 10,000	60%
SRI Empreendimentos e Participações L.t.d.a.	City of São Paulo, State of São Paulo - Brazil	BRL 217,757,982	100%
Lavsim Higienização Têxtil S.A.	São Roque, State of São Paulo - Brazil	BRL 31,680,000	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.	Ankara - Turkey	TRY 1,700,000	57.5% ^(**)

^(*) Held through SRI Empreendimentos e Participações Ltda

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

Below are the associates and jointly-controlled 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
Shubhram Hospital Solutions Private Ltd.	New Delhi - India	INR 362,219,020	51%
Servizi Sanitari Integrati Marocco S.a.r.l.	Casablanca - Morocco	MAD 122,000	51%
SAS Sterilizasyon Servisleri A.Ş.	Istanbul - Turkey	TRY 24,467,000	51%
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.r.l.	Turin - Italy	EUR 4,000,000	50%
AMG S.r.l.	Busca (Cuneo) - Italy	EUR 100,000	50%
Finanza & Progetti S.p.A.	Vicenza - Italy	EUR 550,000	50%
Sanitary cleaning Sh.p.k.	Tirana - Albania	LEK 2,798,800	40%
Iniziativa Produttive Piemontesi S.r.l.	Turin - Italy	EUR 2,500,000	37.63%
Piemonte Servizi Sanitari S.c.r.l.	Turin - Italy	EUR 10,000	30% ^(*)
Saniservice Sh.p.k.	Tirana - Albania	LEK 2,745,600	30%
StirApp S.r.l. in liquidation	Modena - Italy	EUR 208,124	25%
Brixia S.r.l.	Milan - Italy	EUR 10,000	23%

^(*) 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 30 September 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 Markets Authority (ESMA).

Main consolidated income statement figures

The table below presents a comparison of the main consolidated income statement figures as at 30 September 2022 with the results as at 30 September 2021 (in thousands of Euros):

(thousands of Euros)	30 September 2022	30 September 2021	Change	Change %
Revenues	202,533	191,171	11,362	5.9%
EBITDA (a)	45,697	50,958	(5,261)	
EBITDA %	22.6%	26.7%		-4.1%
Operating profit (EBIT)	3,208	9,979	(6,771)	
Operating profit (EBIT)%	1.6%	5.2%		-3.6%
Net profit	3,793	7,090	(3,297)	
Net profit %	1.9%	3.7%		-1.8%

(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.

Main consolidated statement of financial position figures

The table below presents a comparison of the main consolidated statement of financial position figures as at 30 September 2022 with the figures as at 31 December 2021 (in thousands of Euros):

(thousands of Euros)	30 September 2022	31 December 2021	Change	Change %
Net operating working capital ^(a)	(449)	(2,138)	1,689	-79.0%
Other current assets/liabilities ^(b)	(9,633)	(12,247)	2,614	-21.3%
Net working capital	(10,082)	(14,385)	4,303	-29.9%
Non-current assets - medium/long-term provisions	270,743	261,201	9,542	3.7%
of which Rights of use under IFRS 16	29,131	28,759	372	1.3%
Net invested capital	260,661	246,816	13,845	5.6%
Shareholders' equity (B)	134,571	121,119	13,452	11.1%
Net financial debt ^(d) (A)	126,090	125,697	393	0.3%
of which Financial liabilities under IFRS 16	30,651	30,572	79	0.3%
Net invested capital^(c)	260,661	246,816	13,845	5.6%
Gearing [A/(A+B)]	48.4%	50.9%		
Debt/Equity (A/B)	93.7%	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.

Company information and business performance

As at 30 September 2022, the business performance recorded consolidated revenues of the Servizi Italia Group of Euro 202,533 thousand, an increase of 5.9% (+6.3% at constant exchange rates) compared to as of 30 September 2021.

Please note the following as regards revenue from sales and services by sector for 30 September 2022 compared to 30 September 2021:

- Revenues deriving from wash-hire services (which in absolute terms represent 76.1% of the Group's revenues) go from Euro 146,385 thousand in the first nine months of 2021 to Euro 154,041 thousand in the same period of 2022, recording an increase of 5.2% (or 5.8% at constant exchange rates), supported by an important growth in the Italian wash-hire sector (+4.7%), an increase connected both to the tenders in the north-east of Italy and to the full recovery of the hotel business. Revenues in the Brazil area recorded an increase of 15.1% for the period, mainly driven by the appreciation of the Brazilian Real against the Euro (exchange rate effect +16.5%), albeit characterised by a slight decrease in local currency (-1.4%). The Turkish area recorded a growth in local currency of 53.9%, offset by a negative exchange rate effect of 71.3% (depreciation of the Turkish Lira against the Euro) which led to a negative change in turnover of 17.4%.
- Revenues from linen sterilisation services (Steril B) (which in absolute terms represent 6.7% of the Group's revenues) go from Euro 13,235 thousand in the first nine months of 2021 to Euro 13,560 thousand, with an increase of 2.5% mainly due to higher single use supplies in central Italy.
- Revenues from surgical instrument sterilisation services (Steril C) (which in absolute terms represent 17.2% of the Group's revenues) go from Euro 31,551 thousand in 2021 to Euro 34,932 thousand in 2022, with an increase of 10.7% equal to Euro 3,381 thousand mainly due to new orders in the north-east area 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 or a contribution equal to 9.5% of the line growth in the period). It should also be noted that the growth is driven by the recovery of the operating activities recorded in the first nine months of 2022 compared to the same period of the 2021 financial year.

Consolidated **EBITDA** went from Euro 50,958 thousand in the first nine months of 2021 to Euro 45,697 in the same period of 2022, going from 26.7% to 22.6% of revenues or a decrease in absolute value of 4.1%. It should be noted that the first nine months of 2021 were positively influenced by the capital gain relating to the sale of the Workwear business unit of Euro 1.5 million as well as by premiums on certain strategic supplies underlying the start-up of contracts in the North-East of Italy for Euro 1.2 million. The first nine months of 2022 recorded the excellent performance of the sterilisation lines and the significant recovery in turnover recorded by the wash-hire segment. The decrease in the EBITDA margin was mainly affected by the growth in costs for services (+3.5%), which is mainly related to the increases recorded by utilities such as gas (+2.6% on the EBITDA margin) and electricity (+0.7% on the EBITDA margin). Moreover, it should be noted that the energy price increases have a different specific weight on the operating segments. In fact, wash-hire alone absorbs approximately 87% of the energy price increases recorded in the period. Also worthy of note is an increase in the incidence of costs for raw materials of 0.3% or a 9.1% increase in absolute value, mainly due to the continued increase in the prices of chemical products, packaging and PPE as well as the increase in the price of wood used as fuel for machinery in the Brazil area. Personnel costs decreased in terms of incidence on turnover (-0.5%) compared to the previous period, albeit growing

in absolute value (+4.4%) following the increase of volumes processed. In the period there was a slight decrease in operating margin results in the Brazil area (EBITDA margin going from 31.1% to 26.4%), partly due to the start-up phase of the sterilization plant in São Paulo, while there was a significant decrease in Turkey (EBITDA margin going from 28.1% to -5.2%) mainly due to the increases recorded in the period, in different proportions in the respective countries. Indeed, it is noted that the sharp contraction in margins in the Turkey area is mainly due to the sudden rise in inflation recorded in 2022, which has directly impacted operating costs.

The consolidated operating result (**EBIT**) went from Euro 9,979 thousand during the first nine months of 2021 (5.2% compared to the turnover for the period) to Euro 3,208 thousand during the same period in 2022 (1.6% compared to the turnover for the period), mainly due to the dynamics already described in the comment on the change in turnover and EBITDA albeit with a lower incidence of amortisation and depreciation (-0.5%).

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 and the high inflation of monetary items pertaining to the Turkey area, in application of the IAS 29 accounting standard, for a total of Euro 273 thousand. It should also be noted that the revaluations of some companies valued according to the equity method for a total of Euro 2,294 thousand had a positive impact on the results for the period.

Income taxes for the period amounted to Euro 303 thousand, with an incidence on the pre-tax result of 8.7%, and mainly concern the recognition in the income statement of deferred tax assets on the tax loss for the period generated in the Turkey and Italy areas.

Therefore, the consolidated intermediate financial statements as at 30 September 2022 closed with a net profit of Euro 3,793 thousand compared to the net profit of Euro 7,090 thousand for the same period of the year.

Significant events and transactions

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 a favourable opinion on the second section of the Report on the remuneration policy of Servizi Italia S.p.A. and on the remuneration paid;
- appointed the supplementary members of the Board of Statutory Auditors, also determining their relative remuneration.

On 15 July 2022, Servizi Italia S.p.A. finalised the purchase by exercising its call option for an additional 25% of the share capital of Steritek S.p.A., thereby holding 95% of its share capital. The consideration for 25% of the share capital of Steritek amounted to Euro 1.34 million. The definition of the price was based on the 2020 and 2021 results subject to legal review and on the net financial position of Steritek at the date of exercise of the call option. The transaction follows on from what was announced on 5 September 2017 and is carried out with the same purposes that will allow Servizi

Italia to hold 100% of Steritek S.p.A., breaking down the acquisition of the residual capital into two stages:

- i. Acquisition on 15 July 2022 of 25% of the share capital of Steritek through the exercise of the call option;
- ii. Assignment to Servizi Italia and to the seller, holder of the remaining 5% of the share capital of Steritek and Chief Executive Officer of the Company, of call and put options respectively, aimed at allowing Servizi Italia to hold the entire share capital of Steritek within 4 years (2026) or within 7 years (2029).

The deferred purchase of the remaining 5% of the shares (which has a floor of Euro 268 thousand) is aimed at further consolidating the profitable partnership between Servizi Italia and the seller. For more information, please refer to the press release on the Parent Company's website.

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)
Gaetano Martino University Hospital of Messina*	Surgical instrument sterilisation service	8	2,068
Carnia single central purchasing body (CUC) - La Quiete public agency for personal health services (APSP) in Udine*	Hotel and support services	5	578
Burlo Garofolo scientific institute for maternal and child health (IRCCS)*	Surgical instrument sterilisation service	1	102
University Hospital of Cagliari*	Surgical instrument hire and sterilisation service	7	215
Bolzano Social Services Company (ASSB)*	Integrated linen wash-hire service	3 months	138
Provincial Healthcare Trust (APSS) of the Autonomous Province of Trento*	rental service and integrated management of clothing for radioprotection of workers (ANTI-X PPE)	4	140
Tuscany Region aggregator, ESTAR, Contracting Administrations (Central Tuscany local health unit, Careggi University Hospital, Meyer University Hospital)*	wash-hire services, sterilisation and other services	9	19,095
Autonomous Province of Trento*	Integrated linen wash-hire service for nursing homes	4	2,916

* 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 - Tradate Hospital	Integrated linen wash-hire service	723
Sant'Orsola Malpighi General Hospital	Integrated linen wash-hire service	4,325

Covid-19 disclosure

The Covid-19 viral epidemic 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. Even though it operated in strict compliance with the relevant regulations, the Group's activities were only partly affected during the period by the changing epidemiological situation, with no significant impacts recorded. 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 third quarter

On 21 October 2022, with reference to the buy-back programme approved by the Shareholders' Meeting of 20 April 2021 and the purchase programme approved by the Board of Directors on the same date, the Parent Company announced that this programme was concluded on 20 October and that, in execution of the same, in the period between 21 April 2021 and 20 October 2022 (inclusive), a total of 650,091 treasury shares were purchased, equal to 2.04% of the share capital.

Business outlook

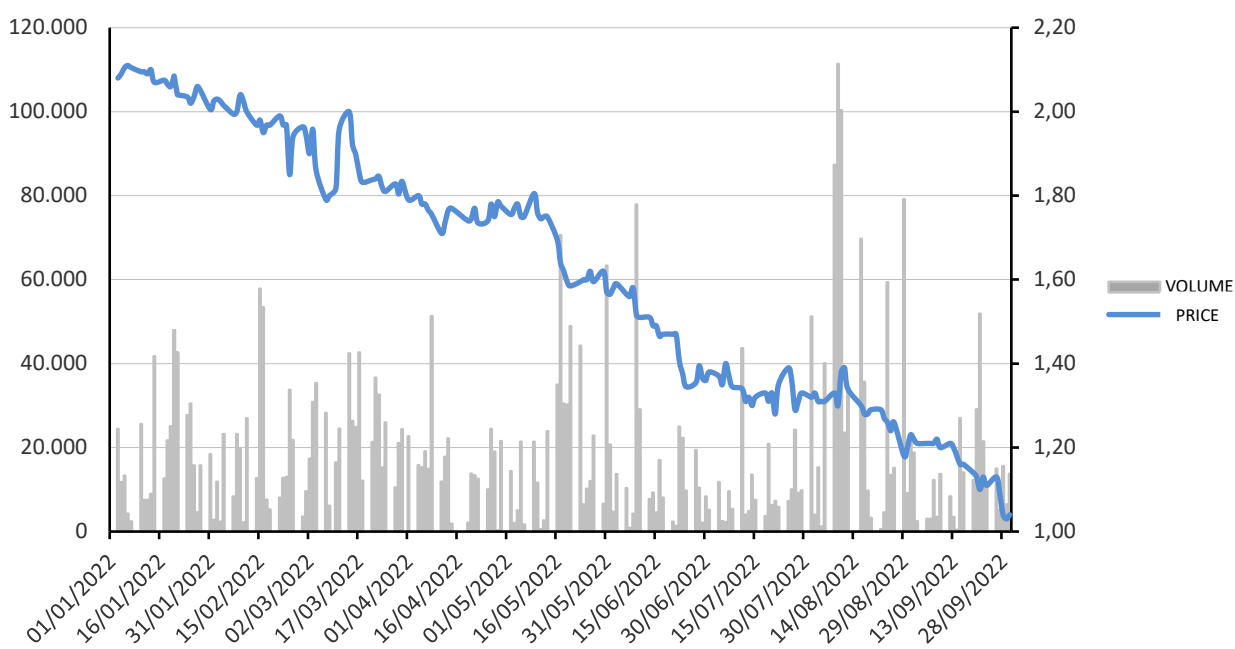
Although the short and medium-term forecasts are complex due to the destabilising geopolitical context and the significant price increases recorded, for the year 2022 the Group anticipates overall positive results, even though the scenario evolving in the Turkey area, increasingly affected by a context of rising inflation and currency volatility which impact on operating costs and financial charges in a more than proportional manner compared to the other areas where the Group operates, is uncertain and complex. 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. Margin recovery actions are being implemented and will continue for the next few months, aimed at the recognition by customers of a temporary refund aimed at partially mitigating the significant increase in energy costs. In the medium-term strategy, despite the uncertainty of a situation deriving from an increase in energy and raw material costs that is expected to persist even beyond the current year, the Group anticipates an organic consolidation of its leadership position in the Italian and foreign markets and a continuous search for optimisation and efficiency. 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

Since 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 30 September 2022 is disclosed below along with share volume and price trends:

Share and stock exchange data	30 September 2022
No. of shares making up the share capital	31,809,451
Price at IPO: 4 April 2007	8.50
Price as at 30 September 2022	1.04
Maximum price during the period	2.11
Minimum price during the period	1.03
Average price during the period	1.62
Volumes traded during the period	3,756,193
Average volumes during the period	19,564

Share volumes and price as at 30 September 2022



During the first nine months of 2022, the investor relations team participated in the MidCap Conference (11 May 2022) and carried out several individual and group calls with analysts and investors.

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

Other information

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

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

The Chairman of the Board of Directors

(Roberto Olivi)

4 ACCOUNTING SCHEDULES

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

<i>(thousands of Euros)</i>	30 September 2022	31 December 2021
ASSETS		
Non-current assets		
Property, plant and equipment	167,721	163,326
Intangible assets	3,955	4,477
Goodwill	63,279	62,684
Equity-accounted investments	32,096	27,486
Equity investments in other companies	3,113	3,305
Financial receivables	5,238	3,746
Deferred tax assets	10,002	8,349
Other assets	3,144	3,495
Total non-current assets	288,548	276,868
Current assets		
Inventories	8,619	8,408
Trade receivables	70,972	65,139
Current tax receivables	1,881	1,872
Financial receivables	6,720	6,087
Other assets	10,555	9,585
Cash and cash equivalents	3,428	3,217
Total current assets	102,175	94,308
TOTAL ASSETS	390,723	371,176
SHAREHOLDERS' EQUITY AND LIABILITIES		
Group shareholders' equity		
Share capital	29,440	29,809
Other reserves and retained earnings	99,437	82,375
Profit (loss) for the period	4,342	7,500
Total shareholders' equity attributable to shareholders of the parent company	133,219	119,684
Total shareholders' equity attributable to non-controlling interests	1,352	1,435
TOTAL SHAREHOLDERS' EQUITY	134,571	121,119
LIABILITIES		
Non-current liabilities		
Due to banks and other lenders	62,548	58,750
Deferred tax liabilities	2,803	2,107
Employee benefits	8,986	8,338
Provisions for risks and charges	5,170	4,834
Other financial liabilities	846	388
Total non-current liabilities	80,353	74,417
Current liabilities		
Due to banks and other lenders	73,690	76,251
Trade payables	80,040	75,685
Current tax payables	113	276
Employee benefits	630	719
Other financial liabilities	14	2,454
Provisions for risks and charges	1,101	1,526
Other payables	20,211	18,729
Total current liabilities	175,799	175,640
TOTAL LIABILITIES	256,152	250,057
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	390,723	371,176

CONSOLIDATED INCOME STATEMENT

(thousands of Euros)	30 September 2022	30 September 2021
Sales revenues	202,533	191,171
Other income	5,753	6,504
Raw materials and consumables	(21,999)	(20,156)
Costs for services	(71,812)	(61,173)
Personnel expense	(67,273)	(64,465)
Other costs	(1,505)	(923)
Depreciation/amortisation, impairment and provisions	(42,489)	(40,979)
Operating profit	3,208	9,979
Financial income	1,718	595
Financial expenses	(4,092)	(3,536)
Income/(expense) from equity investments	362	34
Share of profit/loss of equity-accounted investments	2,294	1,340
Profit before tax	3,490	8,412
Current and deferred taxes	303	(1,322)
Profit (loss) for the period	3,793	7,090
of which: portion attributable to shareholders of the parent	4,342	7,040
Attributable to non-controlling interests	(549)	50

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(thousands of Euros)	30 September 2022	30 September 2021
Profit (loss) for the period	3,793	7,090
<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	5,017	(850)
Portion of comprehensive income of the investments measured using the equity method	2,389	382
Income taxes on other comprehensive income	-	-
Total other comprehensive income after taxes	7,406	(468)
Total comprehensive income for the period	11,199	6,622
of which: portion attributable to shareholders of the parent	11,952	6,726
Attributable to non-controlling interests	(753)	(104)

CONSOLIDATED NET FINANCIAL POSITION

(thousands of Euros)	30 September 2022	31 December 2021	30 September 2021
Cash and cash equivalents in hand	23	21	29
Cash at bank	3,405	3,196	3,436
Cash and cash equivalents	3,428	3,217	3,465
Current financial receivables	6,720	6,087	7,251
Current due to banks and other lenders	(73,690)	(76,251)	(83,395)
<i>of which Financial liabilities under IFRS 16</i>	(3,353)	(3,285)	(3,346)
Current net financial debt	(66,970)	(70,164)	(76,144)
Non-current due to banks and other lenders	(62,548)	(58,750)	(59,680)
<i>of which Financial liabilities under IFRS 16</i>	(27,298)	(27,287)	(27,281)
Non-current net financial debt	(62,548)	(58,750)	(59,680)
Net financial debt	(126,090)	(125,697)	(132,359)

5 NOTES

5.1 Introduction

The Interim Report as at 30 September 2022 has been prepared in compliance with Art. 154-ter of the Consolidated Law on Finance.

The accounting standards and criteria adopted for the preparation of this Interim Report on Operations as at 30 September 2022, not subject to audit, are the same as those used for the preparation of the annual financial statements as at 31 December 2021, to which reference should be made for their description, with the exception of the IFRS standards, amendments and interpretations applied for the first time on 1 January 2022 with the exception of IAS 29 in relation to the financial statements of the subsidiary Ankateks located in Turkey. In particular, in the second quarter of 2022, the cumulative inflation rate in the last three years in Turkey exceeded 100%. This, together with other characteristics of the country's economy, led the Group to adopt, starting from 1 January 2022, with reference to the subsidiary Ankateks, the accounting standard IAS 29, Financial Reporting in Hyperinflationary Economies, as a result of which the values of non-monetary assets and liabilities present in the financial statements are revalued to eliminate the distorting effects due to the loss of purchasing power of the local currency. Gains or losses on the net monetary position are charged to the income statement. 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: Lavsim Higienização Têxtil S.A., Maxlav Lavanderia Especializada S.A., Vida Lavanderias Especializada S.A., Aqualav Serviços De Higienização Ltda) and Ankateks Turizm İnşaat Tekstil Temizleme Sanayi ve Ticaret 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 14 November 2022.

5.2 Performance by business segment and geographical area

The revenue from sales and services of Servizi Italia Group is shown below divided by business line for the periods ending 30 September 2022 and 30 September 2021.

(thousands of Euros)	30 September 2022	%	30 September 2021	%	% change	% organic change	% exchange rate change
Wash-hire	154,041	76.1%	146,385	76.6%	5.2%	5.8%	-0.5%
Linen sterilisation (Steril B)	13,560	6.7%	13,235	6.9%	2.5%	2.5%	0.0%
Surgical instrument sterilisation (Steril C)	34,932	17.2%	31,551	16.5%	10.7%	10.7%	0.0%
Sales revenues	202,533	100.0%	191,171	100.0%	5.9%	6.3%	-0.4%

- Revenues deriving from wash-hire services (which in absolute terms represent 76.1% of the Group's revenues) go from Euro 146,385 thousand in the first nine months of 2021 to Euro 154,041 thousand in the same period of 2022, recording an increase of 5.2 % (or 5.8% at constant exchange rates), supported by significant growth in the Italian wash-hire sector which records an

increase in revenues of 4.7%, an increase connected both to the tenders in the north-east of Italy and to the full recovery of the hotel business as well as to the increase in turnover recorded in the north-west area in the nursing homes business by the company Wash Service S.r.l. Revenues in the Brazil area recorded an increase of 15.1% for the period, mainly driven by the appreciation of the Brazilian Real against the Euro (exchange rate effect +16.5%), albeit characterised by a slight decrease in local currency (-1.4%). The Turkish area recorded a growth in local currency of 53.9%, offset by a negative exchange rate effect of 71.3% (depreciation of the Turkish Lira against the Euro) which led to a negative change in turnover of 17.4%.

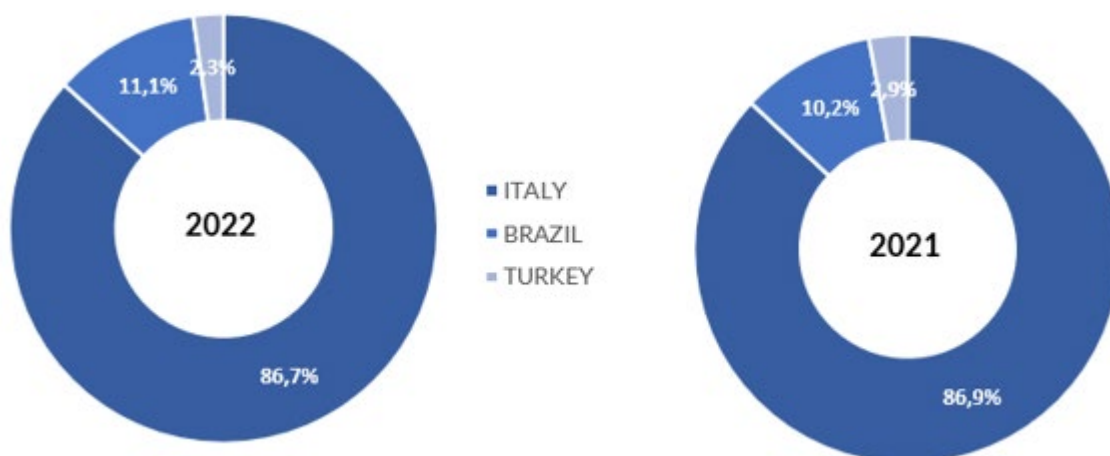
- Revenues from linen sterilisation services (Steril B) (which in absolute terms represent 6.7% of the Group's revenues) go from Euro 13,235 thousand in the first nine months of 2021 to Euro 13,560 thousand, with an increase of 2.5% mainly due to higher single use supplies in central Italy.
- Revenues from surgical instrument sterilisation services (Steril C) (which in absolute terms represent 17.2% of the Group's revenues) go from Euro 31,551 thousand in 2021 to Euro 34,932 thousand in 2022, with an increase of 10.7% equal to Euro 3,381 thousand mainly due to new orders in the north-east area 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 or a contribution equal to 9.5% of the line growth in the period). It should also be noted that the growth is driven by the recovery of the operating activities recorded in the first nine months of 2022 compared to the same period of the 2021 financial year.

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



The revenue from sales and services of Servizi Italia Group is shown below divided by geographical area for the periods ending 30 September 2022 and 30 September 2021.

(thousands of Euros)	30 September 2022	%	30 September 2021	%	% change	% organic change	% exchange rate change
Italy	175,537	86.7%	166,147	86.9%	5.7%	5.7%	0.0%
Brazil	22,386	11.1%	19,446	10.2%	15.1%	-1.4%	16.5%
Turkey	4,610	2.3%	5,578	2.9%	-17.4%	53.9%	-71.3%
Sales revenues	202,533	100.0%	191,171	100.0%	5.9%	6.3%	-0.4%



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	39,263	149,532	35,262	70,666	169,995	6,774	471,492
Accumulated depreciation	(10,758)	(107,462)	(26,850)	(58,347)	(104,749)	-	(308,166)
Balance as at 1 January 2022	28,505	42,070	8,412	12,319	65,246	6,774	163,326
Translation differences	138	806	239	168	1,650	733	3,734
High inflation effect in Turkey	1,057	2,500	-	-	169	-	3,726
Increases	2,697	1,976	281	2,502	30,498	2,749	40,703
Decreases	-	(574)	(14)	(820)	(628)	(114)	(2,150)
Depreciation	(2,514)	(6,102)	(1,162)	(3,310)	(28,530)	-	(41,618)
Impairments (reinstatements)	-	-	-	-	-	-	-
Reclassifications	-	730	45	30	130	(935)	-
Balance as at 30 September 2022	29,883	41,406	7,801	10,889	68,535	9,207	167,721
Historical cost	43,208	155,379	36,049	68,988	201,771	9,207	514,602
Accumulated depreciation	(13,325)	(113,973)	(28,248)	(58,099)	(133,236)	-	(346,881)
Balance as at 30 September 2022	29,883	41,406	7,801	10,889	68,535	9,207	167,721

The item Translation difference refers to the changes in exchange rates for Brazilian companies (SIR Empreendimentos e Participações L.t.d.a., Lavsım Higienizaao Txtil S.A., Maxlav Lavanderia Especializada S.A., Vida Lavanderias Especializada S.A., Aqualav Servios De Higienizaao Ltda) and Turkish companies (Ankateks Turizm inřaat Tekstil Temizleme Sanayi ve Ticaret Ltd řirketi e Erglteks Temizlik Tekstil Ltd. Sti.).

The item “Effect of high inflation in Turkey” refers to the application of IAS 29 to the historical cost of property, plant and equipment of the company Ankateks Turizm inřaat Tekstil Temizleme Sanayi ve Ticaret Ltd řirketi.

The increases at 30 September 2022 mainly refer to investments in linen, included in the item Other assets, equal to Euro 29,158 thousand of which 23,866 thousand relating to the Italy area and Euro 5,293 thousand relating to the Brazil area. These investments aim at an increasingly efficient management of the warehouse supplied, both in the case of a partial renewal of contracts and on occasion of the first supply for contracts acquired during the period in question.

The item Land and Buildings records an increase of Euro 2,697 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 IFRS 16 accounting standard.

The item “Plant and Equipment” recorded an increase of Euro 1,976 thousand, mainly relating to the plants in the Italy area for Euro 1,797 thousand and in the Turkish area for Euro 89 thousand.

The item Industrial and commercial equipment shows increases of Euro 2,502 thousand, of which Euro 1,062 thousand relating to the purchase of surgical instruments for the first supply for contracts acquired and Euro 1,129 thousand for the purchase of industrial equipment.

The increases in Fixed assets in progress relate to works on third-party assets still under construction as at 30 September 2022. The item Work in progress consists mainly of Euro 4,184 in the Italy area, relating to the wash-hire division, and Euro 4,700 thousand in the Brazil area, relating to the commissioning of a sterilisation centre in the São Paulo area.

The reclassifications show decreases of Euro 935 thousand mainly relating 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 1 January 2022	1,342	2,616	179	340	4,477
Translation differences	23	-	32	2	57
High inflation effect in Turkey	10	-	-	-	10
Increases	309	-	-	37	346
Decreases	-	-	-	(1)	(1)
Amortisation	(520)	(337)	(77)	-	(934)
Impairments (reinstatements)	-	-	-	-	-
Reclassifications	141	-	-	(141)	-
Balance as at 30 September 2022	1,305	2,279	134	237	3,955
Historical cost	8,264	8,367	1,083	237	17,951
Accumulated amortisation	(6,959)	(6,088)	(949)	-	(13,996)
Balance as at 30 September 2022	1,305	2,279	134	237	3,955

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 licences. In addition, please

note the increase in Fixed assets in progress and advances mainly relating to the purchase of new software licences by the Parent Company.

The item “Effect of inflation in Turkey” refers to the application of IAS 29 to the historical cost of property, plant and equipment of the company Ankateks Turizm İnşaat Tekstil Temizleme Sanayi ve Ticaret Ltd Şirketi.

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:

(thousands of Euros)	as at 31 December 2021	Increases/ (Decreases)	Translation differences	as at 30 September 2022
CGU Italy	51,668	-		51,668
CGU Turkey	4,497	-	(709)	3,788
CGU Brazil	6,519	-	1,304	7,823
Total	62,684	-	595	63,279

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:

(thousands of Euros)	as at 30 September 2022	as at 31 December 2021
Opening balance	24,988	22,483
Increases/(decreases)	(91)	524
OCI changes	2,389	650
Revaluations/(write-downs)	2,294	1,923
Translation differences	(218)	(592)
Closing balance	29,362	24,988
of which recognised among provisions for risk and charges	(2,734)	(2,498)
of which recognised among equity-accounted investments	32,096	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 2,389 thousand, corresponds to the portion attributable to the Servizi Italia Group, within the scope of application of the equity method, of the change in fair value of hedging derivatives subscribed by the company Ospedal Grando S.p.A. (subsidiary of associate company Finanza e Progetti S.p.A.).

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

Other non-current assets

The item is broken down as follows:

<i>(thousands of Euros)</i>	as at 30 September 2022	as at 31 December 2021
Substitute tax Italian Decree Law 185/2008 subsequent years	1,219	1,931
Aqualav receivable in escrow account	1,525	1,271
Other non-current assets	400	293
Total	3,144	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 70,972 thousand as at 30 September 2022, up by Euro 5,833 thousand compared to 31 December 2021.

Starting from the beginning of the year until 30 September 2022, the Servizi Italia Group carried out a number of transactions concerning the disposal of receivables for a total amount of Euro 71,743 thousand or a consideration of Euro 71,549 thousand.

Other current assets

The item is broken down as follows:

<i>(thousands of Euros)</i>	as at 30 September 2022	as at 31 December 2021
Receivables from others	8,423	8,034
Deferred income	1,922	1,360
Guarantee deposits receivable	201	191
Accrued income	9	-
Total	10,555	9,585

The item Receivables from others is mainly composed of the VAT receivable requested for reimbursement for a total of Euro 3,616 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 30 September 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 nine months of 2022, the Parent Company purchased 368,943 treasury shares for Euro 604 thousand, equal to 1.16% of the share capital, with an average purchase price of Euro 1.64 per share. Following these transactions, the Company held 2,369,351 treasury shares amounting to 7.45% of the share capital as at 30 September 2022. The value of the treasury shares held at 30 September 2022 of Euro 5,984 thousand was classified as a reduction in shareholders' equity.

In addition, note should be taken of the positive impact, for Euro 5,017 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 appreciation of the Brazilian Real as well as the effect of the high inflation in Turkey following the adoption of the IAS 29 accounting standards for Euro 2,858 thousand.

Due to banks and other lenders

The item is broken down as follows:

(thousands of Euros)	as at 30 September 2022			as at 31 December 2021		
	Current	Non-current	Total	Current	Non-current	Total
Bank borrowing	70,217	35,250	105,467	72,833	31,398	104,231
Payables due to other lenders	3,473	27,298	30,771	3,418	27,352	30,770
Total	73,690	62,548	136,238	76,251	58,750	135,001

The portion of payables due within 12 months relating to the item Payables to banks and other lenders shows an increase of Euro 2,561 thousand, going from Euro 76,251 thousand as at 31 December 2021 to Euro 73,690 thousand as at 30 September 2022. This decrease was primarily caused by lower recourse to self-liquidating credit lines. Current payables to banks and other lenders due within 12 months show an increase from Euro 58,750 thousand as at 31 December 2021 to Euro 62,548 thousand as at 30 September 2022. This change, amounting to Euro 3,798 thousand, is mainly related to the reclassification of the loan instalments as well as the taking out by the Parent Company of a new mortgage during the period.

Provisions for risks and charges

The item is broken down as follows:

(thousands of Euros)	as at 30 September 2022	as at 31 December 2021
Opening balance	6,360	6,327
Provisions	139	1,884
Payments/resolutions	(696)	(2,008)
Translation differences	468	157
Closing balance	6,271	6,360

The item includes the provision for coverage of losses on equity investments for Euro 2,734 thousand, which refers primarily 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 recognised in the period equal to Euro 139 thousand, Euro 81 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 (as at 30 September 2022 equal to Euro 485 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 520 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 neutralise 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 267 thousand of the amount allocated is envisaged within the next twelve 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 30 September 2022	as at 31 December 2021
Payable for Wash Service S.r.l. put option	393	388
Payable for Steritek S.p.A. put option	453	-
Total	846	388

The change in the period is mainly related to the recognition of the payable connected to 5% of the share capital of the company Steritek S.p.A. underlying the exercise of the call option pertaining to Servizi Italia and the put option pertaining to the minority shareholder. The first deadline for the exercise of the option right by the parties will start in 2026.

Trade payables

The item is broken down as follows:

<i>(thousands of Euros)</i>	as at 30 September 2022	as at 31 December 2021
Due to suppliers	72,828	68,931
Due to associates	1,402	1,843
Due to parent company	4,449	4,703
Due to companies under the control of the parent companies	1,361	208
Total	80,040	75,685

Other current financial liabilities

The item is broken down as follows:

<i>(thousands of Euros)</i>	as at 30 September 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	-	1,843
Payables to Wash Service S.r.l. shareholders	-	399
Total	14	2,454

The change in the item is related in particular to the payment of the debt due to shareholders for the option for 25% of the share capital of the company Steritek S.p.A., 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 30 September 2022	as at 31 December 2021
Deferred income and accrued expenses	541	278
Payables due to social security and welfare institutions	4,783	5,202
Due to employees	12,380	9,723
Employee/professional IRPEF (personal income tax) payable	1,132	2,741
Other payables	1,375	785
Total	20,211	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 at 30 September 2022, the consumption of raw materials amounted to Euro 21,999 thousand, an increase of Euro 1,843 thousand compared to the previous period. Costs are incurred primarily for consumables and fuels, which were negatively affected by the ongoing price increases. Consumption further 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:

(thousands of Euros)	from 1 January to 30 September	
	2022	2021
External laundering and other industrial services	24,841	23,186
Travel and transport	11,983	10,926
Utilities	17,277	9,931
Administrative costs	1,855	2,189
Consortium and sales costs	4,286	4,462
Personnel expense	2,181	1,727
Maintenance	6,633	5,998
Use of third-party assets	1,910	2,053
Other services	846	701
Total	71,812	61,173

The item Costs for services recorded an increase of 17.4% compared to the same period of the previous year of Euro 10,639 thousand, from Euro 61,173 thousand in the first nine months of 2021 to Euro 71,812 thousand in the same period of 2022. The increase is also seen in terms of incidence on revenues, which went from 32.0% in the first nine months of 2021 to 35.5% in the first nine months of 2022, mainly due to the significant increases in energy tariffs recorded starting from last quarter of 2021.

The item External laundering and other industrial services recorded an increase of Euro 1,655 thousand, deriving from the changed logistical and production structure aimed at managing the laundry and cloakroom services as well a substantial increase in the tariffs applied by our partners, which incorporate the increases in costs for the period.

Travel and transport costs show an increase of Euro 1,057 thousand compared to 30 September 2021, mainly generated by: the Brazil area, following a significant increase in the tariffs applied by suppliers; by the Parent Company, in relation to the hotel sector, substantially irrelevant in the first part of 2021 due to Covid, and to the 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 7,346 thousand compared to the same period of the previous financial year or a growth of 3.3% in terms of incidence on revenues, due to the continuous significant rise in prices that began in the last quarter of 2021 and further worsened following the destabilising macroeconomic and geopolitical context in place.

Personnel expense

The item is broken down as follows:

<i>(thousands of Euros)</i>	from 1 January to 30 September	
	2022	2021
Costs for directors' fees	923	900
Salaries and wages	45,396	44,029
Temporary work	2,681	2,308
Social security charges	14,954	14,233
Employee severance indemnity	3,138	2,817
Other costs	181	178
Total	67,273	64,465

The item Personnel costs went from Euro 64,465 thousand as at 30 September 2021 to Euro 67,273 thousand as at 30 September 2022, recording an increase of Euro 2,808 thousand. The increase is attributable to the Parent Company, as a result of the increase in volumes treated and the consequent increase in the number of employees and temporary workers, the latter attributable mainly to the hotel sector, and to the Brazil area, as a result of the contractual increase introduced in order to adjust real wages to the current inflation rate.

	Units as at 30 September	
	2022	2021
Executives	17	18
Middle managers	36	38
White-collar staff	297	297
Blue-collar staff	3,277	3,325
Total	3,627	3,678

Depreciation, amortisation and impairment

The item is broken down as follows:

<i>(thousands of Euros)</i>	from 1 January to 30 September	
	2022	2021
Amortisation of intangible assets	934	1,109
Depreciation of property, plant and equipment	41,618	39,654
Impairment and provisions	(63)	216
Total	42,489	40,979

The item Amortisation, depreciation and write-downs recorded an increase compared to the same period of the previous year of Euro 1,510 thousand, from Euro 40,979 thousand in the first nine months of 2021 to Euro 42,489 thousand in the same period of 2022, while the relative incidence is decreasing, from 21.4% to 21.0% in the first nine months of 2022.

Financial income and expense

Financial income is broken down as follows:

<i>(thousands of Euros)</i>	from 1 January to 30 September	
	2022	2021
Bank interest income	54	13
Default interest	53	228
Interest income on loans to third-party companies	485	326
Other financial income	581	28
High inflation effect in Turkey	273	-
Exchange rate earnings	272	-
Total	1,718	595

Financial expenses are composed as follows:

<i>(thousands of Euros)</i>	from 1 January to 30 September	
	2022	2021
Interest expense and bank commission	(1,838)	(1,642)
Interest and expense to other lenders	(200)	(122)
Financial expense on employee benefits	(24)	(20)
Exchange rate losses	-	(70)
Other financial expenses	(2,030)	(1,682)
Total	(4,092)	(3,536)

Financial income decreased from Euro 595 thousand as at 30 September 2021 to Euro 1,718 thousand as at 30 June 2022, a positive change of Euro 1,123 mainly due to the reassessment of the fair value of the put/call option payable prior to the purchase of 25% of the shares from the shareholders of Steritek S.p.A. for Euro 506 thousand and the effect on monetary items deriving from the application of IAS 29-Hyperinflation by the Ankara Group for Euro 273 thousand, and for exchange gains for Euro 272 thousand.

Financial expenses decreased from Euro 3,536 thousand as at 30 September 2021 to Euro 4,092 thousand as at 30 September 2022, a negative change of Euro 556 thousand mainly due to the adjustment of the fair value of the payable for the put/call option for the residual 5% of the shares of Steritek S.p.A. for Euro 459 thousand.

Current and deferred taxes

The item is broken down as follows:

<i>(thousands of Euros)</i>	from 1 January to 30 September	
	2022	2021
Current taxes	1,050	1,274
Deferred tax (assets)/liabilities	(1,353)	48
Total	(303)	1,322

Taxes for the period are positive for Euro 303 thousand (negative for Euro 1,322 thousand as at 30 September 2021) and are mainly determined by the recognition in the income statement of deferred tax assets on the tax loss for the period generated in the Turkey and Italy areas.

5.5 Consolidated net financial position

(thousands of Euros)	30 September 2022	31 December 2021	30 September 2021
Cash and cash equivalents in hand	23	21	29
Cash at bank	3,405	3,196	3,436
Cash and cash equivalents	3,428	3,217	3,465
Current financial receivables	6,720	6,087	7,251
Current due to banks and other lenders	(73,690)	(76,251)	(83,395)
<i>of which Financial liabilities under IFRS 16</i>	<i>(3,353)</i>	<i>(3,285)</i>	<i>(3,346)</i>
Current net financial debt	(66,970)	(70,164)	(76,144)
Non-current due to banks and other lenders	(62,548)	(58,750)	(59,680)
<i>of which Financial liabilities under IFRS 16</i>	<i>(27,298)</i>	<i>(27,287)</i>	<i>(27,281)</i>
Non-current net financial debt	(62,548)	(58,750)	(59,680)
Net financial debt	(126,090)	(125,697)	(132,359)

The change in net financial debt at 30 September 2022 compared to 31 December 2021 includes material investments, primarily textile and linen products to enter into the production process, for approximately Euro 29.2 million, as well as the payment of the price relating to 25% of the share capital of Steritek S.p.A. equal to Euro 1.3 million, 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, the payment of the last tranche of the price to Area S.r.l. for Euro 0.2 million, the purchase of treasury shares for Euro 0.6 million and financial contributions in jointly controlled companies for a total of Euro 2.4 million and collections from financial fixed assets such as equity investments and financial credits for Euro 0.7 million. The consolidated net financial position therefore passes from Euro 125,697 thousand as at 31 December 2021 to Euro 126,090 thousand as at 30 September 2022 with a negative change of Euro 393 thousand. Furthermore, it should be remembered that in the first nine months 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 30 September 2022	as at 31 December 2021	as at 30 September 2021
A. Cash and cash equivalents	3,428	3,217	3,465
B. Cash and cash equivalents	-	-	-
C. Other current financial assets	6,720	6,087	7,251
D. Cash and cash equivalents (A)+(B)+(C)	10,148	9,304	10,716
E. Current financial debt (including debt instruments, but excluding the current portion of non-current financial debt)	(47,249)	(40,012)	(48,337)
F. Current portion of non-current borrowings	(26,455)	(38,693)	(37,680)
<i>of which Financial liabilities under IFRS 16</i>	<i>(3,353)</i>	<i>(3,285)</i>	<i>(3,346)</i>
G. Current financial debt (E) + (F)	(73,704)	(78,705)	(86,017)
H. Current net financial debt (G) - (D)	(63,556)	(69,401)	(75,301)
I. Non-current financial debt (excluding the current portion and debt instruments)	(62,548)	(58,750)	(59,680)
<i>of which Financial liabilities under IFRS 16</i>	<i>(27,298)</i>	<i>(27,287)</i>	<i>(27,281)</i>
J. Debt instruments	-	-	-
K. Trade and other non-current payables	(846)	(388)	(386)
L. Non-current financial debt (I) + (J) + (K)	(63,394)	(59,138)	(60,066)
M. Net financial debt (H) + (L)	(126,950)	(128,539)	(135,367)

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)