

# Annual Financial Report

*as at 31 December 2022*



**Servizi  
Italia**

**SERVIZI ITALIA S.P.A.**  
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## SERVIZI ITALIA S.P.A.

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

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

Tax code and Parma Business Register enrolment No. 08531760158

VAT No. 02144660343

### NOTICE OF CALL OF THE ORDINARY SHAREHOLDERS' MEETING

Those entitled to participate in the Shareholders' Meeting of Servizi Italia S.p.A. (the "**Company**") and exercise the right to vote are called to an Ordinary Shareholders' Meeting at the registered offices in Via San Pietro 59/b, 43019 Castellina di Soragna (Parma), on a first call on **20 April 2023 at 10:30 a.m.** and, if necessary, upon a second call, on 21 April 2023, at the same time and place, to discuss and resolve on the following:

#### AGENDA

1. Separate financial statements as at 31 December 2022; Board of Directors' Report on Operations; Board of Statutory Auditors' Report and Independent Auditors' Report; allocation of the profit (loss) for the year; related and contingent resolutions; presentation of the consolidated financial statements as at 31 December 2022.
  - 1.1. approval of the separate financial statements as at 31 December 2022 and of the Board of Directors' Report on Operations.
  - 1.2. allocation of the profit (loss) for the year.
2. Report on the Remuneration policy and remuneration paid pursuant to Article 123-ter of Italian Legislative Decree no. 58 of 24 February 1998: advisory vote on the second section; related and consequent resolutions.
3. Authorisation to purchase and to dispose of treasury shares and to execute all related transactions; resolutions pertaining thereto and resulting therefrom:
4. Appointment of the Board of Statutory Auditors for the financial years 2023-2024-2025; inherent and contingent resolutions:
  - 4.1. appointment of the Board of Statutory Auditors and of its Chairman;
  - 4.2. determination of the relative remuneration.

### SHARE CAPITAL AND RIGHT TO VOTE

The Company's share capital is equal to Euro 31,809,451.00, divided up into 31,809,451 ordinary shares with nominal value of Euro 1 each. Each share assigns the right to one vote. As at 6 March 2023, the Company held 2,377,351 treasury shares, in relation to which - pursuant to the law - the voting right is suspended. The information on the composition of the share capital is available on the website [www.servizitaliagroup.com](http://www.servizitaliagroup.com) (*Corporate Governance*>Shareholders' Meeting>2023).

### ENTITLEMENT TO ATTEND THE SHAREHOLDERS' MEETING

Pursuant to art. 106, paragraph 4 of Decree Law no. 18 of 17 March 2020 (the "**Cura Italia Decree**"), converted by Law no. 27 of 24 April 2020, as subsequently amended and lastly extended by Decree Law no. 198 of 29 December 2022, converted with amendments into Law no. 14 of 24 February 2023, participation in the Shareholders' Meeting by those with voting rights is allowed **only through the representative appointed** by the Company pursuant to art. 135-undecies of Italian Legislative Decree 58/98 ("**TUF**"), which must be delegated or sub-delegated, in accordance with the methods and conditions indicated below.

Pursuant to Article 83-sexies of the **Consolidated Law on Finance** and Article 13 of the Articles of Association, shareholders are entitled to participate to the Shareholders' Meeting, exclusively via the representative appointed by the Company and as specified below, those for whom the appointed intermediaries have sent communication to the Company - within the legal and regulatory terms - in accordance with their accounting records bearing witness to their ownership of voting rights on the shares on the basis of its accounting records relating to the end of the accounting day of **11 April 2023 (record date)**, corresponding to the seventh open market day prior to the date fixed for the meeting in first calling. Pursuant to the current legislation, those who will become owners of shares only after the record date will not be entitled to participate and vote during the meeting.

The Company must receive the intermediary's communication by the end of the third open market day prior to the date set for the first call of the Shareholders' Meeting (i.e. by 17 April 2023); however, the right to participate and vote will remain in place if the communications made by the intermediary is received by the Company after said term, provided that it is before the beginning of the single call of the meeting.

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

Pursuant to art. 106, paragraph 4 of "Cura Italia" Decree, as subsequently amended and lastly extended by Decree Law no. 198 of 29 December 2022, converted with amendments into Law no. 14 of 24 February 2023, participation and vote in the Shareholders' Meeting by those with voting rights is allowed **only through the representative appointed** by the Company pursuant to art. 135-*undecies* of the Consolidated Law on Finance, which must be delegated or sub-delegated, in accordance with the methods and conditions indicated below.

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

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

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

(i) a proxy - with voting instructions - on all or some of the proposed resolutions on the items on the agenda, in compliance with the provisions of art.135-*undecies* of the Consolidated Law on Finance, using the specific proxy form prepared by the Designated Representative in accordance with the Company, available on the Company's website [www.servizitaliagroup.com](http://www.servizitaliagroup.com) (Corporate Governance>Shareholders' Meeting>2023). This proxy form with the voting instructions, together with the copy of a valid document, must be sent to the Designated Representative to the certified e-mail address [ufficiomilano@pecserviziotitoli.it](mailto:ufficiomilano@pecserviziotitoli.it) or following the instructions on the form and on the Company's website, by the end of the second trading day prior to the General Meeting (i.e. by 18 April 2023 in relation to the first call, i.e. by 19 April 2023 in relation to the second call). The proxy may be revoked in the same terms. The proxy granted in this way is effective only for proposals in relation to which voting instructions have been given;

(ii) proxy or sub-proxy pursuant to art. 135-*novies* of the Consolidated Law on Finance and notwithstanding art. 135-*undecies*, paragraph 4 of the Consolidated Law on Finance. To this end, a form can be found on the Company's website at [www.servizitaliagroup.com](http://www.servizitaliagroup.com) (Corporate Governance>Shareholders' Meeting>2023) to be used for granting the proxy/sub-proxy for participation and voting in the Shareholders' Meeting. These proxies or sub-proxies, together with the copy of a valid document and voting instructions, must be sent to the Designated Representative to the certified e-mail address [ufficiomilano@pecserviziotitoli.it](mailto:ufficiomilano@pecserviziotitoli.it) or following the instructions on the form and on the Company's website by 18 April 2023 (or by 19 April 2023 in relation to the second call).

It should be noted that the shares for which the proxy, even partial, has been granted are calculated for the purposes of the regular constitution of the Shareholders' Meeting. In relation to proposals for which no voting instructions have been given, the shares are not included in the calculation of the majority and the share capital required for the approval of the resolutions. The granting of the proxy to the Designated Representative does not involve expenses for the delegating party (with the exception of any delivery costs).

The Designated Representative will be available for clarification or information at the number 02-46776833/14 or at the e-mail address [ufficiomi@computershare.it](mailto:ufficiomi@computershare.it).

## **RIGHT TO ASK QUESTIONS ON THE BUSINESS PLACED ON THE AGENDA**

Pursuant to Article 127-*ter* of the Consolidated Law on Finance, those who have the right to vote can ask questions on the business placed on the agenda, also before the meeting, by submitting them to the Company by the deadline of 11 April 2023, by means of registered letter sent to the Company's registered offices, or via certified e-mail to the e-mail address [servizitalia@postacert.cedacri.it](mailto:servizitalia@postacert.cedacri.it). In order to exercise this right, the Company must receive a specific communication issued by the intermediaries authorised in accordance with their records. Questions regularly received by 11 April 2023 will be answered by 15:00 hours of 18 April 2023 through publication on the Company's website [www.servizitaliagroup.com](http://www.servizitaliagroup.com) (Corporate

Governance>Shareholders' Meeting>2023), in order to enable those entitled to vote to express their opinion on the items on the agenda. The Company may provide a single answer to questions with the same content.

### **SUPPLEMENTING OF THE AGENDA AND PRESENTATION OF NEW RESOLUTION PROPOSALS**

Pursuant to Article 126-*bis* of the Consolidated Law on Finance, the Shareholders which, also jointly, represent at least a fortieth of the Company's share capital, can request, within ten days of the publication of the call for the Meeting (i.e. by 16 March 2023), to add to the meeting's agenda some additional items that they must indicate in their request, or they can submit new resolution proposals on the items already included in the agenda. The request to add to the list of business to be discussed is not permitted for matters on which the Shareholders' Meeting resolves, in accordance with the law, on the proposal of the directors or on the basis of a project or a report prepared by them, other than the one envisaged by Art. 125-*ter*, first paragraph, of the Consolidated Law on Finance. The requests must be presented in writing, forwarded via registered letter with acknowledgement of receipt, to the Company's registered offices, or by means of notification to the certified e-mail address [si-servizitalia@postacert.cedacri.it](mailto:si-servizitalia@postacert.cedacri.it) and accompanied by a specific communication issued by the intermediaries care of which the shares owned by the Shareholders are deposited. The Shareholders who request the integration of the agenda must draw up a report which discloses the reason for the resolution proposals on the new business whose discussion they propose, or the reason relating to the additional resolution proposals presented on the business already on the agenda. The report must be delivered to the administrative body by the deadline for submitting the integration request. Disclosure shall be made of any integration of the list of business which the meeting shall have to deal with or the presentation of additional resolution proposals on the matters already on the agenda, in the prescribed forms for the publication of this notice of call, at least fifteen days before the date fixed for the meeting in first call. At the same time, the administrative body will make the report prepared by the Shareholders available to the public at the registered office, on the Company's website and on the authorised storage mechanism eMarket Storage at [www.emarketstorage.com](http://www.emarketstorage.com), accompanied by their own assessments.

### **SUBMISSION OF INDIVIDUAL RESOLUTION PROPOSALS**

Since participation in the Shareholders' Meeting and the exercise of voting rights may take place exclusively through the Designated Representative, in order to make it possible for the parties concerned to exercise the right pursuant to art. 126-*bis*, paragraph 1, third sentence, of the Consolidated Law on Finance, those with voting rights are allowed to submit individual resolution proposals on the items on the agenda of the Shareholders' Meeting, by sending them to the Company by **11 April 2023** through their certified e-mail address to the following certified e-mail address [si-servizitalia@postacert.cedacri.it](mailto:si-servizitalia@postacert.cedacri.it); the aforementioned proposals must be formulated in a clear and complete manner, and accompanied by the information that allows the identification of the subject submitting them, including - where possible - a telephone number.

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

For the purposes of the above, the Company reserves the right to verify the relevance of the proposals with respect to the items on the agenda, their completeness and their compliance with applicable regulations, as well as the legitimacy of the proposers. The resolution proposals duly received (and any accompanying explanatory reports) will be published on the Company's website at [www.servizitaliagroup.com](http://www.servizitaliagroup.com) (Corporate Governance>Shareholders' Meeting>2023) by 13 April 2023, in order to allow those entitled to vote to express their opinion knowingly, also taking into account these new proposals, and to the Designated Representative to collect any voting instructions also on the same.

### **APPOINTMENT OF THE BOARD OF STATUTORY AUDITORS**

With regard to the fourth item on the agenda, note that, pursuant to Art. 20 of the Articles of Association, the Board of Statutory Auditors consists of three statutory members and two alternate members, who remain in office for three financial years and may be re-elected.

Pursuant to the current legislative provisions and Article 20 of the Articles of Association, the appointment of the Board of Statutory Auditors is based on the lists submitted by the Shareholders where the candidates are listed by means of a consecutive number. The lists have two sections: one for the candidates to the Statutory Auditor office, the other for the candidates to the Alternate Auditor office. Each section of the lists presenting at least three candidates must have at least one male and one female candidate, in accordance with the applicable regulations, including statutory, as well in compliance with the statutory provisions on gender balance; the candidates must be entered into the list in alternating order (one male, one female or vice versa, and so on).

Pursuant to Article 20.3 of the Articles of Association, the members of the Board of Statutory Auditors are chosen from among those who meet the requirements of integrity, professionalism and independence provided for by law and by the regulatory provisions. For the purposes envisaged by Italian Ministerial Decree no. 162 of 30 March 2000, subjects and sectors closely related to the Company's activities, such as those listed in the corporate purpose, are considered.

The following have the right to present lists: Shareholders who, alone or together with other Shareholders, represent at least 2.5% of the share capital with the right to vote during ordinary Shareholders' Meetings.

The lists must be filed at the Company's registered offices or by certified email to [si-servizitalia@postacert.cedacri.it](mailto:si-servizitalia@postacert.cedacri.it), by **26 March 2023**, corresponding to the twenty-fifth day prior to the date set for the first call of the Shareholders' Meeting.

In the event in which by the deadline of 26 March 2023 only one list has been submitted, or only lists submitted by Shareholders connected to one another pursuant to Article 144-*quinquies* of Consob Regulations no. 11971/1999 ("**Issuers' Regulations**"), additional lists may be submitted up to the third day subsequent to said date, namely by **29 March 2023**. In this case, the share capital threshold necessary to submit additional lists will be reduced to **1.25%** (Art. 144-*sexies*, paragraph 5, Consob Regulations no. 11971/1999).

The Shareholders presenting lists are required to demonstrate ownership of the minimum stake required for presentation of the lists, through suitable documentation issued by an intermediary authorised in accordance with the law, with regard to shares registered in their favour on the day the relative lists were filed with the Company. When not available at the time the list is submitted, the Company must receive said documentation by 30 March 2023.

Along with each list, the documentation required by the regulations - including statutory - in effect and by Art. 20 of the Articles of Association must be submitted, comprising the following: (i) information on the identity of the Shareholders presenting the list, indicating the total percent stake held; (ii) the declaration by the presenting Shareholders of any minority lists indicating the absence of any association relationships, pursuant to the applicable regulations, including statutory; (iii) the *curriculum vitae* of each candidate, containing a thorough description of the personal and professional characteristics and indicating the administration and control positions held in other companies, as well as (iv) the declarations whereby the individual candidates accept the candidature and certify, under their responsibility, that there are no grounds for ineligibility or incompatibility, also with regard to the limits on cumulative number of positions envisaged by the regulations in effect and by Art. 20.2 of the Articles of Association, and possession of the requirements envisaged by law and by the Articles of Association to take on the position of Statutory Auditor.

Recall that, pursuant to Art. 20.5 of the Articles of Association and in accordance with Art. 144-*sexies*, paragraph 6 of the Issuers' Regulation: (i) each Shareholder, (ii) Shareholders belonging to the same group and (iii) Shareholders participating in a shareholders' agreement involving shares of the Company, may not present or vote for more than one list, even through third parties or trust companies; participation and votes that are in violation of this prohibition shall not be attributed to any list. Each candidate may be included in only one list, under penalty of ineligibility.

Pursuant to Art. 20.5 of the Articles of Association, the lists that do not comply with the above provisions will be considered not to have been submitted.

Reference is also made to CONSOB Communication No. DEM/9017893 of 26 February 2009, in which the Supervisory Authorities recommended that Shareholders submit a minority list, declaring the absence of any relationships pursuant to Article 144-*quinquies* of the Issuers' Regulations, and to also state in said declaration the absence of any significant relationships, as indicated in the same Communication, with Shareholders that hold, even jointly, a controlling or relative majority interest, or if this is not the case, to indicate the existing significant relationships and the reasons for which they were not included in stating the existence of association relationships pursuant to Article 148, paragraph 2 of the Consolidated Law on Finance and Article 144-*quinquies* of the Issuers' Regulations.

Considering that, pursuant to Article 2400, last paragraph, of the Italian Civil Code, at the time of appointment and prior to acceptance, the Shareholders' Meeting must be informed of the administration and control positions held by the Statutory Auditors in other companies, we invite you to update this information, included in the curricula filed at the Company's registered offices, up to the day of the appointment by the Shareholders' Meeting.

Additional information on the appointment of the Board of Statutory Auditors is contained in the Report by the Board of Directors, drawn up pursuant to Art. 125-*ter* of the Consolidated Law on Finance, made available to the public as of today at the registered offices, on the website [www.servizitaliagroup.com](http://www.servizitaliagroup.com) (Corporate Governance>Shareholders' Meeting>2023), as

well as on the authorised storage mechanism eMarket Storage at [www.emarketstorage.com](http://www.emarketstorage.com), within the terms and according to the methods outlined by law.

Shareholders who intend to submit nominations are asked to prepare and file, together with the list, a proposal for a resolution on the fourth item of the agenda, also in regard to the compensation payable to the Statutory Auditors.

## DOCUMENTATION

The illustrative report of the Board of Directors, drawn up pursuant to Art. 125-ter of the Consolidated Law on Finance (including, among other things, the resolution proposals on the items 2 and 3 of the agenda), is made available to the public as of today at the registered offices of the Company, on the website [www.servizitaliagroup.com](http://www.servizitaliagroup.com) (Corporate Governance>Shareholders' Meeting>2023), as well as on the authorised storage mechanism eMarket Storage at [www.emarketstorage.com](http://www.emarketstorage.com). By 30 March 2023, the Annual Financial Report as at 31 December 2022 (including, among other things, the separate financial statements as at 31 December 2022, the Board of Director's Report on Operations and the proposal for resolution on the first item of the agenda), the Reports of the Board of Statutory Auditors and of the Independent Auditors, the Consolidated Non-financial Disclosure pursuant to Italian Legislative Decree No. 254/16, the annual Report on corporate governance and ownership structure and the Report on the remuneration policy and amounts paid pursuant to Article 123-ter of the Consolidated Law on Finance, as well as the lists submitted for the renewal of the Board of Statutory Auditors will be made available to the public using the same means.

The remaining documentation useful for the meeting shall be published by the deadlines and through the methods provided by law and by the regulations.

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

Moreover, recall that, pursuant to Art. 125-quater of the Consolidated Law on Finance, the following documents or information are available on the Company's website at page <https://www.servizitaliagroup.com/corporate-governance/assemblea-dei-soci>: (i) documents which will be submitted to the meeting; (ii) the form the Shareholders can use for voting by proxy and the relevant instructions; (iii) information on the amount of the Company's share capital with indication of number and categories of shares into which it is divided.

## REQUEST FOR INFORMATION

With regard to any additional information relating to the Shareholders' Meeting, and in particular the formalities for exercising the rights, it is possible to consult the Company's website [www.servizitaliagroup.com](http://www.servizitaliagroup.com) (Corporate Governance>Shareholders' Meeting>2023) or to write to the Corporate Affairs office at the following certified e-mail address [si-servizitalia@postacert.cedacri.it](mailto:si-servizitalia@postacert.cedacri.it).

This notice of call is published as of today's date, pursuant to Art. 125-bis of the Consolidated Law on Finance and Art. 11 of the Articles of Association, on the Company's website [www.servizitaliagroup.com](http://www.servizitaliagroup.com) (Corporate Governance>Shareholders' Meeting>2023) and is available on the authorised storage mechanism eMarket Storage at [www.emarketstorage.com](http://www.emarketstorage.com) and, in extract form, in the newspaper Italia Oggi of 7 March 2023.

Castellina di Soragna, Parma, Italy 6 March 2023.

*The Chairman of the Board of Directors*

*Signed Roberto Olivi*



## COMPANY OFFICERS AND CORPORATE INFORMATION

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

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

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

### Supervisory Body (in office until 2 February 2025)

Name and Surname	Position
Veronica Camellini	Chairwoman
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](http://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](mailto: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](mailto:investor@si-servizitalia.com) - Tel. +390524598511, Fax +390524598232



## GROUP STRUCTURE

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

As at 31 December 2022, the Servizi Italia Group included the following Companies:

Company Name Parent Company and Subsidiaries	Registered office	Share capital	Interest of equity investment
Servizi Italia S.p.A.	Castellina di Soragna (Parma) - Italy	EUR 31,809,451	Parent Company
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	95%
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 32,330,000	100% <sup>(*)</sup>
Maxlav Lavanderia Especializada S.A.	Jaguariúna, State of São Paulo - Brazil	BRL 2,825,060	100% <sup>(*)</sup>
Vida Lavanderias Especializada S.A.	São Roque, State of São Paulo - Brazil	BRL 3,600,000	100% <sup>(*)</sup>
Aqualav Serviços De Higienização Ltda	Vila Idalina, Poá, State of São Paulo - Brazil	BRL 15,400,000	100% <sup>(*)</sup>
Ankateks Turizm İnşaat Tekstil Temizleme Sanayi ve Ticaret Ltd Şirketi	Ankara - Turkey	TRY 85,000,000	55%
Ergülteks Temizlik Tekstil Ltd. Sti.	Smyrna - Turkey	TRY 1,700,000	57.5% <sup>(**)</sup>
Ankateks Tur. Teks. Tem.Sanve TIC. A.s. - Olimpos Laundry Teks.Tem. Hizm. Ve Tur. San. Tic. LTD.Sti IS Ortaklığı	Antalya-Turkey	TRY 10,000	51% <sup>(**)</sup>
Wash Service S.r.l.	Castellina di Soragna (Parma) - Italy	EUR 10,000	90%
Ekolav S.r.l.	Lastra a Signa (Florence) - Italy	EUR 100,000	100%

(\*) held through SRI Empreendimentos e Participações Ltda

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

Here below the associates and 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
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% <sup>(1)</sup>
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%

<sup>(1)</sup> The 15.05% indirect shareholding held through Iniziativa Produttive Piemontesi S.r.l. should be added to this.

## DIRECTORS' REPORT ON OPERATIONS

This Directors' Report on Operations includes the data regarding the separate and consolidated financial statements as at 31 December 2022, prepared in compliance with the IAS/IFRS international accounting standards. The Group's main financial highlights as at 31 December 2022 are shown below, compared with those of the previous financial year.

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

### SERVIZI ITALIA S.p.A.

The separate financial statements of Servizi Italia S.p.A. disclose a shareholders' equity of Euro 126,441 thousand. The profit (loss) for the year was equal to Euro 1,739 thousand, recognised after recognising a positive amount of Euro 1,259 thousand for current, prepaid and deferred taxes and Euro 45,644 thousand for amortisation, depreciation, impairments and provisions.

#### 1 Main income statement figures

The table below shows a comparison of the main 2022 income statement figures with the results for 2021:

(thousands of Euros)	31 December 2022	31 December 2021	Change	Change % on turnover
Revenues	219,951	211,755	8,196	3.9%
Ebitda <sup>(a)</sup>	49,045	51,424	(2,379)	-1.1%
EBITDA %	22.3%	24.3%		
Operating profit (EBIT)	3,401	6,464	(3,063)	-1.4%
Operating profit (EBIT)%	1.5%	3.1%		
Profit before tax	480	5,260	(4,780)	-2.3%
Profit before tax %	0.2%	2.5%		
Net profit	1,739	4,812	(3,073)	-1.5%
Net profit %	0.8%	2.3%		

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

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

(thousands of Euros)	31 December 2022	(1)	31 December 2022 Adjusted	31 December 2021	Adjusted changes	Change %
Revenues	219,951	2,342	222,293	211,755	10,538	5.0%
Ebitda <sup>(a)</sup>	49,045		51,387	51,424	(37)	
EBITDA %	22.3%		23.1%	24.3%		-1.2%
Operating profit (EBIT)	3,401		5,743	6,464	(721)	
Operating profit (EBIT)%	1.5%		2.6%	3.1%		-0.5%
Profit before tax	480		2,822	5,260		
Profit before tax %	0.2%		1.3%	2.5%		-1.2%
Net profit	1,739	1,689	3,428	4,812	(1,384)	
Net profit %	0.8%		1.5%	2.3%		-0.8%

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

(1) The adjusted data do not take into account the lower revenues of Euro 2,342 thousand relating to the allocation made at the end of the year by Servizi Italia S.p.A. in relation to the estimate for the request for coverage relating to the Medical Devices Payback requested by the regions by virtue of the Aid-bis Decree and the respective tax effect of Euro 653 thousand. For further information, please refer to the paragraph "Significant events and transactions" and "Information on ongoing proceedings".

## 2 Main statement of financial position figures

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

(thousands of Euros)	31 December 2022	31 December 2021	Change	Change %
Net operating working capital <sup>(a)</sup>	(17,322)	(10,657)	(6,665)	62.5%
Other current assets/liabilities <sup>(b)</sup>	(8,375)	(10,423)	2,048	-19.6%
<b>Net working capital</b>	<b>(25,697)</b>	<b>(21,080)</b>	<b>(4,617)</b>	<b>21.9%</b>
Non-current assets - medium/long-term provisions	263,366	256,092	7,274	2.8%
of which Rights of use under IFRS 16	23,955	24,976	(1,021)	-4.1%
<b>Net invested capital</b>	<b>237,669</b>	<b>235,012</b>	<b>2,657</b>	<b>1.1%</b>
Shareholders' equity (B)	126,441	121,688	4,753	3.9%
Net financial debt <sup>(d)</sup> (A)	111,227	113,323	(2,096)	-1.8%
of which Rights of use under IFRS 16	26,132	26,756	(624)	-2.3%
<b>Net invested capital<sup>(c)</sup></b>	<b>237,669</b>	<b>235,011</b>	<b>2,658</b>	<b>1.1%</b>
<b>Gearing [A/(A+B)]</b>	<b>46.8%</b>	<b>48.2%</b>		
<b>Debt/Equity (A/B)</b>	<b>88.0%</b>	<b>93.1%</b>		

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

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

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

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

## 3 Main cash flow figures

The table below presents a comparison between the main separate cash flow figures as at 31 December 2022 and as at 31 December 2021 (in thousands of Euros):

<i>(thousands of Euros)</i>	31 December 2022	31 December 2021	Change
Cash flow generated (absorbed) by operations	51,036	39,410	11,626
Net cash flow generated (absorbed) by investment activities	(43,529)	(36,792)	(6,737)
Net cash flow generated (absorbed) by financing activities	7,157	(2,848)	10,005
Increase/(decrease) in cash and cash equivalents	14,664	(230)	14,894
Opening cash and cash equivalents	766	996	(230)
Closing cash and cash equivalents	15,430	766	14,664

## SERVIZI ITALIA GROUP

The consolidated financial statements as at 31 December 2022 present Group shareholders' equity of Euro 130,470 thousand and shareholders' equity attributable to non-controlling interests of Euro 3,003 thousand. The profit (loss) for the year was a profit of Euro 3,428 thousand. This result was achieved after recognising a positive amount of Euro 1,524 thousand for current, prepaid and deferred taxes and Euro 56,759 thousand for amortisation, depreciation, impairment and provisions.

The companies, consolidated line-by-line in the financial statements for the period ended 31 December 2022, were as follows:

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

**Steritek S.p.A.**, a joint-stock company established in 1999 with its registered office in Malagnino (Cremona), the leading Italian supplier of system validation and control services for sterilisation processes and surgical instrument washing systems. The consolidation of Steritek S.p.A. generated sales revenues for Euro 3,640 thousand, an EBITDA of Euro 842 thousand, an EBIT of Euro 710 thousand and a profit pertaining to the Group of Euro 447 thousand.

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

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

The companies are involved in the supply of laundry services in the health sector in the State of São Paulo and the different brands meet the requirements in terms of textile processing services for hospitals and healthcare facilities. The consolidation of the companies of the Brazilian perimeter

generated sales revenues for Euro 29,968 thousand, EBITDA for Euro 7,800 thousand and EBIT for Euro -186 thousand and a result pertaining to the Group for Euro -304 thousand.

**Ankateks Turizm İnşaat Tekstil Temizleme Sanayi ve Ticaret Ltd Şirketi**, a company in which Servizi Italia S.p.A. holds a 55% stake, with the subsidiary (with a 57.5% stake) Ergülteks Temizlik Tekstil Ltd. Sti. with registered office in Smyrna, and the company Ankateks Tur. Teks. Tem.Sanve TIC. A.s. – Olimpos Laundry Teks.Tem. Hizm. Ve Tur. San. Tic. LTD.Sti IS Ortakligi, a 51% owned subsidiary, established on 9 September 2022 in order to be able to operate through the same in the healthcare laundry service in the Antalya region, is a leading operator under Turkish law, based in Ankara and active through the brand “Ankara Laundry” in the linen washing sector for healthcare facilities mainly located in central-western Turkey. The consolidation of the companies of the Turkish perimeter generated sales revenues for Euro 6,855 thousand, EBITDA for Euro -332 thousand and EBIT for Euro -711 thousand and a result pertaining to the Group for Euro -688 thousand.

**Wash Service S.r.l.**, company acquired on 27 February 2019 and 90% owned, operating mainly in Northern Italy in the offer of wash-hire services of flat linen, guest linen and staff clothing of hospital facilities, nursing homes and retirement facilities. The consolidation of Wash Service S.r.l. generated sales revenues for Euro 9,206 thousand, an EBITDA of Euro 598 thousand, an EBIT of Euro -259 thousand and a result pertaining to the Group of Euro -214 thousand.

**Ekolav S.r.l.**, company acquired on 19 July 2019 and 100% owned, operating mainly in the offer of wash-hire services of flat linen, guest linen and staff clothing, particularly for nursing homes, retirement facilities, hospital facilities and industrial clients. The consolidation of Ekolav S.r.l. generated sales revenues for Euro 4,934 thousand, an EBITDA of Euro 865 thousand, an EBIT of Euro 17 thousand and a result pertaining to the Group of Euro -41 thousand.

## 1 Statement of reconciliation between separate and consolidated financial statements

The reconciliation between the shareholders’ equity and the profit (loss) for the year of Servizi Italia S.p.A. and the corresponding consolidated figures of the Servizi Italia Group is as follows:

<i>(thousands of Euros)</i>	2022 Profit (Loss)	2022 Shareholders' Equity	2021 Profit (Loss)	2021 Shareholders' Equity
<b>Profit (loss) and shareholders’ equity of the parent company</b>	<b>1,739</b>	<b>126,441</b>	<b>4,812</b>	<b>121,688</b>
Profit (loss) and shareholders’ equity of the subsidiaries	(1,237)	63,084	626	51,546
Elimination of equity investments in consolidated subsidiaries	799	(76,654)	(923)	(66,941)
Consolidation differences due to goodwill	-	17,152	-	17,441
Other surplus value emerging at the time of acquisition	-	134	-	134
Registration of options on non-controlling interests	37	(851)	(21)	(2,230)
Valuation of associate companies and jointly-controlled companies with the equity method	2,090	4,167	2,743	(519)
<b>Consolidated profit (loss) and shareholders’ equity</b>	<b>3,428</b>	<b>133,473</b>	<b>7,237</b>	<b>121,119</b>
Allocation of non-controlling interests profit (loss) and shareholders’ equity	(405)	3,003	(263)	1,435
<b>Group profit (loss) and shareholders’ equity</b>	<b>3,833</b>	<b>130,470</b>	<b>7,500</b>	<b>119,684</b>

## 2 Main consolidated income statement figures

The table below shows a comparison of the main figures of the 2022 consolidated Income Statement with those of the 2021 consolidated Income Statement (in thousands of Euros):

(thousands of Euros)	31 December 2022	31 December 2021	Change	Change % on turnover
Revenues	270,313	256,694	13,619	5.3%
Ebitda <sup>(a)</sup>	59,687	64,884	(5,197)	
EBITDA %	22.1%	25.3%		-3.2%
Operating profit (EBIT)	2,928	9,770	(6,842)	
Operating profit (EBIT)%	1.1%	3.8%		-2.7%
Profit before tax	1,904	8,174	(6,270)	
Profit before tax %	0.7%	3.2%		-2.5%
Net profit	3,428	7,237	(3,809)	
Net profit %	1.3%	2.8%		-1.6%

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

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

(thousands of Euros)	31 December 2022	(1)	31 December 2022 adjusted	31 December 2021	Change	Change %
Revenues	270,313	2,342	272,655	256,694	15,961	6.2%
Ebitda(a)	59,687		62,029	64,884	(2,855)	
EBITDA %	22.1%		22.7%	25.3%		-2.5%
Operating profit (EBIT)	2,928		5,270	9,770	(4,500)	
Operating profit (EBIT)%	1.1%		1.9%	3.8%		-1.9%
Profit before tax	1,904		4,246	8,174	(3,928)	
Profit before tax %	0.7%		1.6%	3.2%		-1.6%
Net profit	3,428	1,689	5,117	7,237	(2,120)	
Net profit %	1.3%		1.9%	2.8%		-0.9%

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

(1) The adjusted data do not take into account the lower revenues of Euro 2,342 thousand relating to the allocation made at the end of the year by Servizi Italia S.p.A. in relation to the estimate for the request for coverage relating to the Medical Devices Payback requested by the regions by virtue of the Aid-bis Decree and the respective tax effect of Euro 653 thousand. For further information, please refer to the paragraph "Significant events and transactions" and "Information on ongoing proceedings".

## 3 Main consolidated statement of financial position figures

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

(thousands of Euros)	31 December 2022	31 December 2021	Change	Change %
Net operating working capital <sup>(a)</sup>	(9,005)	(2,138)	(6,867)	321.2%
Other current assets/liabilities <sup>(b)</sup>	(7,263)	(12,247)	4,984	-40.7%
<b>Net working capital</b>	<b>(16,268)</b>	<b>(14,385)</b>	<b>(1,883)</b>	<b>13.1%</b>
Non-current assets - medium/long-term provisions	268,740	261,201	7,539	2.9%
of which Rights of use under IFRS 16	28,210	28,759	(549)	-1.9%
<b>Invested capital</b>	<b>252,472</b>	<b>246,816</b>	<b>5,656</b>	<b>2.3%</b>
Shareholders' equity (B)	133,473	121,119	12,354	10.2%
Net financial debt <sup>(c)</sup> (A)	118,999	125,697	(6,698)	-5.3%
of which Financial liabilities under IFRS 16	30,582	30,572	10	0.0%



Invested capital <sup>(c)</sup>	252,472	246,816	5,656	2.3%
Gearing [A/(A+B)]	47.1%	50.9%		
Debt/Equity (A/B)	89.2%	103.8%		

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

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

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

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

#### 4 Main consolidated cash flow figures

The table below presents a comparison between the main consolidated cash flow figures as at 31 December 2022 and as at 31 December 2021 (in thousands of Euros):

(thousands of Euros)	31 December 2022	31 December 2021	Change
Cash flow generated (absorbed) by operations	56,382	47,331	9,051
Net cash flow generated (absorbed) by investment activities	(50,418)	(48,444)	(1,974)
Net cash flow generated (absorbed) by financing activities	8,935	21	8,914
Increase/(decrease) in cash and cash equivalents	14,899	(1,092)	15,991
Opening cash and cash equivalents	3,217	4,441	(1,224)
Effect of exchange rate fluctuations	(49)	132	(181)
Closing cash and cash equivalents	18,165	3,217	14,948

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

Servizi Italia S.p.A.'s business performance recorded revenues from sales and services in 2022 of Euro 219,951 thousand in total, an increase of 3.9% compared to 2021 (or 5.0% adjusted).

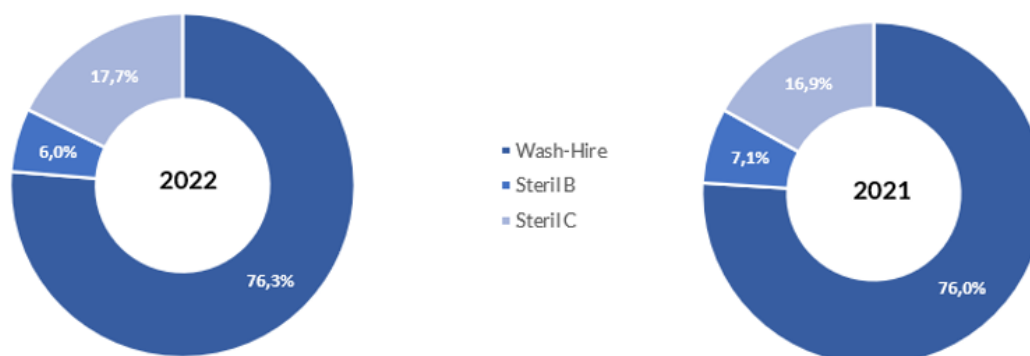
The consolidated turnover of the Servizi Italia Group was equal to Euro 270,313 thousand, with a 5.3% increase or 6.0% at constant exchange rates and 6.2% adjusted with respect to 2021, with the following performance by sector and region:

- Revenues deriving from wash-hire services (which in absolute terms represent 76.3% of the Group's revenues) go from Euro 195,147 thousand in 2021 to Euro 206,223 thousand in 2022, recording an increase of 5.7%, or 6.6% at constant exchange rates, supported by significant growth in the Italian wash-hire sector (+4.3%), 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 by the company Wash Service S.r.l. Revenues in the Brazil area recorded an increase of 16.7% for the period, driven by the appreciation of the Brazilian Real against the Euro (exchange rate effect +17.2%), albeit characterised by a slight decrease in local currency (-0.5%). The Turkish area recorded a growth in local currency of 86.1% offset, however, by a negative exchange rate effect of 88.1% (depreciation of the Turkish Lira against the Euro) which led to a negative change in turnover of 2.0%.
- Revenues from linen sterilization services (steril B) (which in absolute terms represent 6.0% of the Group's revenues) went from Euro 18,222 thousand in 2021 to Euro 16,161 thousand in 2022, a decrease of 11.3%, attributable to the allocation related to requests for the settlement of the payback on medical devices for Euro 2,342 thousand, only partially offset by the increase



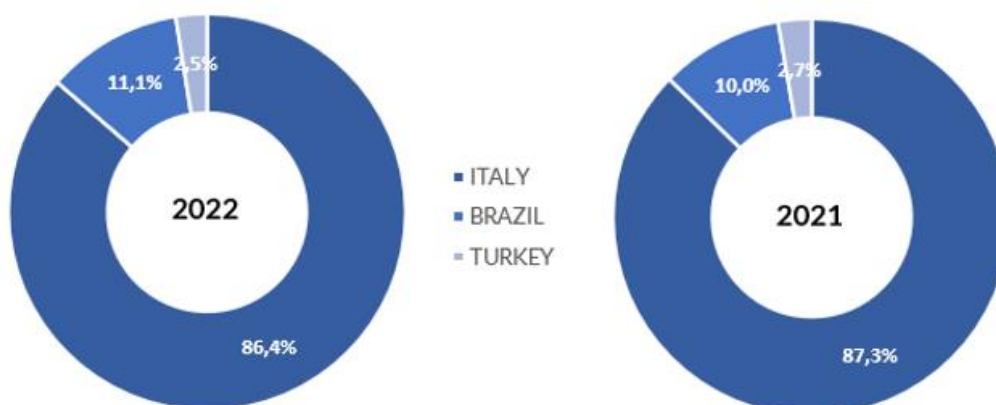
linked to the greater supplies of disposables in the central Italy area. The organic change in the operating segment excluding the impact of the above payback shows growth of 1.5% in 2022.

- Revenues from surgical instrument sterilisation services (steril C) (which in absolute terms represent 17.7% of the Group's revenues) go from Euro 43,324 thousand in 2021 to Euro 47,929 thousand in 2022, with an increase of 10.6% equal to Euro 4,605 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. In general, it should be noted that growth was driven by the recovery of operations in 2022 compared to the previous financial year.



The table below shows revenues from sales and services of the Servizi Italia Group, broken down by region, for the financial years ending on 31 December 2022 and 2021:

(thousands of Euros)	31-Dec 2022	%	31-Dec 2021	%	Change %	% Organic change	% Exchange rate Change
Revenues - Italy	233,490	86.4%	224,015	87.3%	4.2%	4.2%	0.0%
Revenues - Turkey	6,855	2.5%	6,995	2.7%	-2.0%	86.1%	-88.1%
Revenues - Brazil	29,968	11.1%	25,684	10.0%	16.7%	-0.5%	17.2%
<b>Sales revenues</b>	<b>270,313</b>	<b>100.0%</b>	<b>256,694</b>	<b>100.0%</b>	<b>5.3%</b>	<b>6.0%</b>	<b>-0.7%</b>



## Business performance

### Servizi Italia S.p.A.

**EBITDA** went from Euro 51,424 thousand as at 31 December 2021 to Euro 49,045 thousand in the same period of 2022, going from 24.3% to 22.3% of revenues (23.1% adjusted) showing a decrease in absolute value of 4.6% (-0.1% adjusted). It should be noted that the 2021 financial year was 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 2022 financial year recorded the excellent performance of the surgical instruments sterilisation line 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 (+2.8%), which is mainly related to the increases recorded by utilities such as gas (+2.4% on the EBITDA margin) and electricity (+0.5% 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 80% of the energy price increases recorded in the financial year. The incidence of costs for raw materials is substantially in line with the 2021 financial year, showing a slight relative decrease of 0.1%. However, there was a growth in absolute value of 2.9%, mainly related to the persistence of the price increase dynamics of chemicals, packaging and PPE. Personnel costs decreased in terms of incidence on turnover (-0.7%) compared to the 2021 financial year, albeit growing in absolute value (+1.6%) following the increase in volumes processed.

The operating result (**EBIT**) went from Euro 6,464 thousand in 2021 (EBIT margin 3.1%) to Euro 3,401 thousand in 2020 (EBIT margin 1.5%), or Euro 5,743 adjusted (adjusted EBIT margin 2.6%), mainly due to the dynamics already described above in comments on the change in turnover and EBITDA. There was also a 0.5% decrease in the incidence of amortisation, depreciation and write-downs on turnover in 2022.

Financial management showed an increase in financial charges compared to the previous year as a result of the increase in bank interest rates and higher exchange losses in relation to the depreciation of the Turkish Lira and the Rupee against the Euro, effects in part offset by higher interest income for outstanding loans to Group companies and other companies.

The separate financial statements of Servizi Italia S.p.A. as at 31 December 2022, therefore, closed with a net profit of Euro 1,739 thousand (Euro 3,428 thousand adjusted) compared to a net profit of Euro 4,812 thousand in the previous year.

### Servizi Italia Group

Consolidated **EBITDA** decreased from Euro 64,884 thousand as at 31 December 2021 to Euro 59,687 thousand in the same period of 2022, from 25.3% to 22.1% of revenues (22.7% adjusted), showing a decrease in absolute value of 8.0% (-4.4% adjusted). It should be noted that the 2021 financial year was 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 2022 financial year recorded the excellent performance of the surgical instruments sterilisation line 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 (+3.7%), which is mainly related to the increases recorded by utilities such as gas (+2.8% on the EBITDA margin) and electricity (+0.5% 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. The incidence of costs for raw materials is substantially in line with the 2021 financial year, showing a relative growth of 0.1%. However, there was a growth in absolute value of 6.6%, mainly related to the persistence of the price increase dynamics of chemicals, packaging and PPE, as well as the increase in price of the wood used as fuel for machinery in the Brazil area. Personnel costs decreased in terms of incidence on turnover (-0.5%) compared to the 2021 financial year, albeit growing in absolute value (+3.7%) following the increase in volumes processed. In the period there was a decrease in operating margin results in the Brazil area (EBITDA margin going from 30.7% to 26.1%), in part due also due to the start-up phase of the San Paolo sterilisation centre, while a significant decrease in Turkey (EBITDA margin going from 21.9% to -4.8%) was 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 9,770 thousand in the 2021 financial year (3.8% of turnover) to Euro 2,928 thousand during the same period in 2022 (1.1% of turnover), or Euro 5,270 thousand adjusted (1.9% of turnover), 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 income recorded an increase compared to the previous financial year, mainly due to the remeasurement of the debt on the option exercised for the purchase of 25% of the shares of Steritek S.p.A. for Euro 505 thousand and the high inflation on non-monetary items in the Turkey area, following the application of IAS 29, for a total of Euro 697 thousand, while financial expenses increased compared to 2021 mainly due to the increase in interest rates for the Parent Company. It should also be noted that the revaluations of some companies valued according to the equity method for a total of Euro 2,181 thousand had a positive impact on the profit (loss) for the year.

Income taxes for the year amounted to Euro 1,524 thousand, 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.

The consolidated financial statements as at 31 December 2022, therefore, closed with a **net profit** of Euro 3,428 thousand compared to a net profit of Euro 7,237 thousand in the previous financial year.

### Servizi Italia Group investments

Group investments in 2022 amounted to around Euro 51 million, down compared to around Euro 58 million in 2021, mainly due to the effect of greater investments in linen in the Italy area. During 2022, the decrease is highlighted in investments in the Italy area of approximately Euro 6.3 million in purchases of linen and technical fabrics, increasing from Euro 37.3 million in 2021 to about Euro 31.0

million in 2022 (60.7% of the total investments made). This decrease is attributable to the large volumes of both flat and packaged linen requested during the Covid-19 emergency as well as to new contracts awarded in 2021 and in part to the investment containment actions carried out during the 2022 financial year. On the other hand, investments in property, plant and equipment other than linen were slightly up in the Italy area compared to 2021, from Euro 10.7 million in 2021 to Euro 11.1 million in 2022, recording an increase of Euro 0.4 million mainly attributable to the investments made by the Parent Company. In the Brazilian area, in organic terms, investments in linen increased by Euro 2.0 million, offset by a translation effect of Euro 1.0 million, from Euro 5.6 million in 2021 to Euro 6.6 million in 2022, mainly due to the initial investment of certain customers acquired during the financial year. Please note that a portion of the investments in intangible and tangible assets, on the domestic front, have benefited from deduction of the so-called “super-amortisation and hyper-amortisation”, as required by the 2017 Budget Law (Law 232/2016) and of credit investments in instrumental goods pursuant to Law 160/2019 and of Law 178/2020.

### Significant events and transactions

On 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 profit (loss) 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.

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.

On 9 August 2022, Decree Aid-bis, no. 115/2022, was published, accelerating with art. 18 reconciliation procedures in relation to the exceeding of expenditure limits on medical devices and pharmaceuticals. This "Payback" mechanism, already known in the pharmaceutical sector, requires companies supplying medical devices to the NHS to participate in the procedure for remediation of excess regional health expenditure in proportion to the incidence of their turnover on total regional expenditure. Subsequently, the publication of the Decree of the Ministry of Health of 6 September 2022 (published in the Official Gazette on 15 September 2022), certified the exceeding of the medical device expenditure limits and the payback portion to be borne by the supplier companies for the years 2015, 2016, 2017 and 2018. On 6 October 2022, with Ministerial Decree published in the Official Gazette on 26 October 2022, the Ministry of Health defined the preliminary guidelines for the issue of regional and provincial payback measures in relation to the exceeding of expenditure limits on medical devices for the aforementioned years, to be issued by 14 December 2022. It should be noted that the Company received communication of the respective measures of some Regions starting from the second half of November, and the estimation process led to a provision for the period relating to all the financial years concerned for a total of Euro 2.3 million deriving from the best estimate currently available in relation to the actions promoted by the Company in the current appeal compared to that requested for the period 2015-2018, also in consideration of the years 2019-2022. For further information and the appeal in relation to the Payback toolkit, please refer to the section on Information on ongoing proceedings.

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
CUC della Carnia - APSP La Quiete di 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
Azienda Sanitaria Universitaria Giuliano Isontina (ASUGI)*	Integrated linen wash-hire service	2	507
Azienda Sanitaria Universitaria Giuliano Isontina (ASUGI)*	Surgical instrument sterilisation service	1	119

\* renewed

\*\* new customer

The contracts that ended during the reference financial year 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
Emporium Società Cooperativa - Griesfeld Nursing Home of Bolzano	Integrated linen wash-hire service	100
ASL Roma 4 and 5	Supplies of sterile kits	812

## 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 effects and consequences of the 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.

## Treasury shares

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

## Research & Development activities

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

## Transactions with parent companies and associates

Servizi Italia S.p.A.'s transactions with subsidiaries, associates, jointly-controlled companies and parent companies mainly relate to: (i) dealings associated with commercial service agreements; (ii) financial dealings, represented by loans. These transactions are described in detail in the explanatory notes to the Financial Statements, in section 8.

It should also be noted that, in addition to the Regulations adopted by Consob by means of resolution no. 17221 dated 12 March 2010, as amended, on 24 November 2010, the Board of Directors approved the Regulations for related party transactions, subsequently updated on 13 November 2015, 12 May 2017, 14 November 2018 and 25 June 2022, which are both posted on Company's website.

## Significant events after the end of the year

There are no significant events to report after the end of the year.

## Business outlook

The results obtained in 2022 were in line with expectations, albeit significantly impacted both by effects outside of management control, such as the energy price increases and the generalized increase in costs driven by inflation in all the areas in which the Group operates, and by extraordinary and unexpected elements such as the Payback requests made by the Regions in Italy relating to exceeding medical



devices spending limits. Although the short and medium-term forecasts are complex due to the destabilizing geopolitical context, the price volatility of the primary consumer goods of our business and also the increase in the cost of money through expected increases in interest rates of the interbank system, the Group expects positive results overall for the financial year 2023. The sound elements counteracting this period of uncertainty are based on the Group's customer portfolio and its leadership position, its sterilization business diversification strategy in the Brazil area and the gradual recovery of margins in the Turkey area which, it should be noted, on the other hand has not been impacted by the consequences of the recent earthquake. 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. The Group's ability to direct its efforts to more profitable domestic and foreign investments, rationalizing the increasingly marginal commitments, will also be fundamental in the near future. 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 in the 2023 financial 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.

## Derivatives

As at 31 December 2022 and 31 December 2021, the Group held no derivatives. Some companies not wholly-owned and therefore not consolidated on a line-by-line basis have taken out derivative financial instruments to hedge the risk of fluctuations in interest rates on loans taken out as part of project financing, given the significant amount of financial commitments undertaken and the over ten-year duration of the same. The economic and financial effects of such derivatives are incorporated into the valuations of equity investments in the companies that hold them.

## Company Headquarters

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

City	Address	City	Address
Arco (Trento)	Via Linfano, 6	Palermo (Palermo)	Piazza Nicola Leotta, 4
Ariccia (Roma)	Via Quarto Negroni, 58	Palmanova (Udine)	Via Natisone, 11
Bergamo (Bergamo)	Piazza Org. Mond. Sanità, 1	Pavia di Udine (Udine)	Viale Grado, 51
Bologna (Bologna)	Via Fratelli Chiarini, 11	Piacenza (Piacenza)	Via Machiavelli, 29
Brescia (Brescia)	Piazzale Spedali Civili, 1	Prato (Prato)	Via Ugo Foscolo, 7
Busto Arsizio (Varese)	Via Arnaldo da Brescia, 1	Romano di Lombardia (Bergamo)	Via S. Francesco D'Assisi, 12
Cividale del Friuli (Udine)	Piazzale dell'Ospedale, 2	San Daniele del Friuli (Udine)	Viale Trento Trieste, 2
Crema (Cremona)	Via Largo Ugo Dossena, 2	San Dorligo della Valle (Trieste)	Via Travnik, 20
Ferrara (Ferrara)	Via Aldo Moro, 8	Sarzana (La Spezia)	Via Cisa SN
Florence (Firenze)	Lungo Rio Freddo, 15	Travagliato (Brescia)	Via Sambrioli, 1
Fiume Veneto (Pordenone)	Via Pontebbana, 15	Treviglio (Bergamo)	Piazzale Ospedale L. Meneguzzo, 1
Genoa (Genova)	Largo Rosanna Benzi, 10	Treviso (Treviso)	Via Concordia, snc
Genova Bolzaneto (Genova)	Via Albisola, snc	Treviso (Treviso)	Piazza Ospedale, 1
Lastra a Signa (Florence)	Via Livornese, 68	Udine (Udine)	Piazzale Maria della Misericordia, 15
Messina (Messina)	Via Consolare Valeria, 1	Varese (Varese)	Via Luigi Borri, 57



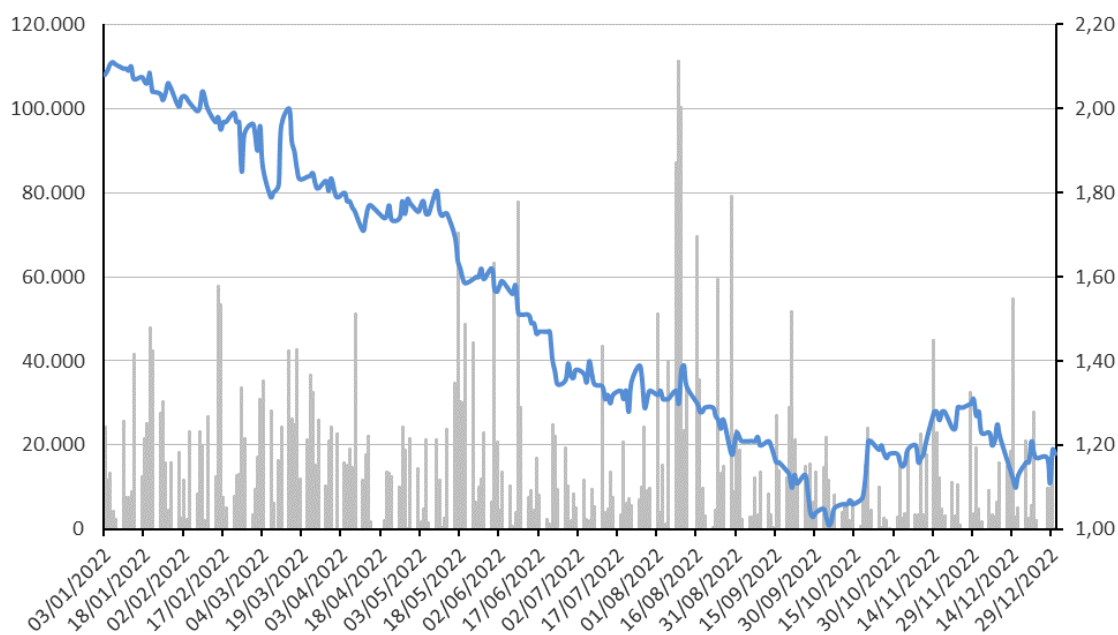
Milan (Milano)	Via Michelangelo Buonarroti, 48	Varna (Bolzano)	Via Forch, 11
Modena (Modena)	Via Giardini, 1355	Vimercate (Monza-Brianza)	Via SS Cosma e Damiano, 10
Montecchio Precalcino (Vicenza)	Via Palugara, 22	Zibido San Giacomo (Milano)	Via Castoldi, 5
Padua (Padova)	Via del Progresso, 9	Zibido San Giacomo (Milano)	Via Castoldi, 11

## Servizi Italia and the financial markets

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

Share and stock exchange data	31 December 2022
No. of shares making up the share capital	31,809,451
Price at IPO: 4 April 2007	€ 8.50
Price as at 30 December 2022	€ 1.18
Maximum price during the period	€ 2.11
Minimum price during the period	€ 1.01
Average price during the period	€ 1.51
Volumes traded during the period	4,410,637
Average volumes during the period	17,229

### Share volumes and prices as at 31 December 2022



During 2022, the investor relations team participated in the MidCap Conference in Paris (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).

## Report on corporate governance and ownership structure

Information on ownership set-ups and corporate governance is contained in the specific report drawn up in accordance with Article 123 bis of the Consolidated Law on Finance, which forms an integral part of the financial statement documentation, and which will be published in accordance with the matters envisaged by current legislation.

Servizi Italia S.p.A. is not subject to the management and co-ordination activities of either the direct parent company Aurum S.p.A. or the indirect parent company Coopservice S. Coop. p. A., since the following indices of probable subjection to third party management and co-ordination activities do not exist, such as the issue of directives pertaining to the financial and lending policy, the establishment of group operating strategies, and the concentration of cash management relationships with the same. In fact, the Company operates under conditions of corporate and entrepreneurial autonomy and operates autonomously in commercial dealings with its customers and suppliers. Furthermore, Servizi Italia - in compliance with the matters envisaged by Italian Law no. 262 dated 28 December 2005 - has adopted all the necessary measures (such as, for example, the appointment of the Control and Risks Committee, the Lead Independent Director and the adoption of internal regulations regarding transactions with related parties) which permit it not to be subject to management and co-ordination activities.

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

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

## Consolidated non-financial disclosure: Sustainability Report 2022

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

## Risk management information

The Group has developed a model based on an integrated and adequate risk management and internal control system. All main risks arising from the “core business” were identified, measured and managed, using the process of analysis of the risks according to the principles of the new COSO-ERM framework (Committee of Sponsoring Organization of the Treadway Commission) - (Enterprise Risk Management):

- *risk governance* and risk culture;
- strategy and definition of risk targets;
- risk analysis;
- risk information, communication and reporting;
- monitoring of the performance of the risk model.

The ERM Framework supports the correct achievement of company objectives and consists of five interrelated components, which interact with the mission, vision and core values and determine the performance of the entire organization.

The risk model adopted by the Group is aimed at ensuring the continuity of the organization and the adequacy of its processes, activities and performance in terms of:

1. business objectives:

- achievement of objectives set within company strategies;
- effective and efficient use of organisational resources.

2. Governance objectives:

- ensuring the reliability, accuracy, trustworthiness and timeliness of financial reporting;
- preservation of the company assets;
- compliance with laws, regulations, contracts, ethical and company rules;
- protection of ethical and social responsibilities;
- sustainable success.

The Board of Directors, through the Manager of the internal control and risk management system and the Head of Internal Audit, has implemented special processes to identify the responsibilities for the control of the risk, so as to ensure the soundness and the continuity of the business in the long term. To this end, an internal control system has been set up to monitor the risks associated with the activity. In particular, this control system is reflected in the internal rules of the Group and of the different companies subject to coordination and control through the documentation of the Servizi Italia compliance program (e.g., Model 231/01, Code of Ethics, *Servizi Italia Compliance Program* consisting of group policies inspired by law, recommendations and international best practices, code of conducts, procedures, rules and formats which provide preventive supervision to sensitive processes in terms of offence issues).

The internal risk control system of the Servizi Italia Group is divided into three levels:

1. **first level:** the operating units identify, assess, monitor, mitigate and report the risks deriving from the ordinary business activity, ensuring that operations are in line with the risk limits and targets assigned;
2. **second level:** the company functions involved in the controls (such as the risk management, legal and compliance functions), arranged in relation to the company's size, sector, complexity and risk profile, aimed at monitoring and managing typical corporate risks (strategic, operational, compliance, financial and reporting);
3. **third level:** Internal Auditing, which reports directly to the Board of Directors, also with the contribution of the Local Unit Representatives, for the subsidiaries of strategic significance, assesses the suitability of the overall internal control and risk management system to ensure the effectiveness and efficiency of processes, the safeguarding of company assets, the reliability and integrity of accounting and management information, compliance with internal and external regulations and management instructions.

For the performance of its activities, the Internal Auditor submits to the Board of Directors a plan of the activities, which describes the audits planned in line with the risks associated to the activities aimed at achievement of the business objectives.

The results of the activities carried out, on a half-yearly basis, are brought to the attention of the Director in charge of the Internal Control and Risk Management System, of the Control and Risks

Committee of the Board of Directors (also through the Control and Risks Committee) and of the Board of Statutory Auditors, after examination by the Control and Risk Committee; the critical elements found during the verification are, on the other hand, promptly reported to the competent company structures for the implementation of any improvement action.

The Servizi Italia Group, aware of its mission and corporate policy, pursue the objective of promptly monitoring the risks identified in all activities, which is an essential condition to preserve the trust of stakeholders and to ensure the sustainability of the business over time, so contributing to the sustainable success of the Company and Servizi Italia Group.

The risk control process is common to all control functions, in line with reference best practices; the different types of risks are defined in the "Guidelines of the SCIGR", and the relative Corporate Risks Map, which is subject to periodic updating at least once a year.

The Guidelines and the Risks Map represent the Group's Risk Appetite Framework (hereinafter, in brief, also "RAF"), i.e., the key instrument with which the Board of Directors defines the propensity to risk, tolerance thresholds, sustainable risk limits, risk governance policies and the framework of related organisational processes. The RAF, the Risks Map and, therefore, the internal regulations on risk management also consider aspects related to the management of the risks of a social, environmental and economic nature (ESG).

## 1 Risk Factors

In order to minimise different types of risks to which it is exposed, the Group has adopted time scales and control methods that allow Company management to monitor risks and to appropriately inform the Director in charge of the internal control system and (also through him) the Board of Directors.

Without prejudice to the principle of continuous monitoring and considering the characteristics of the Group's activities, a review of the risk assessment indicates that the Group has been able to achieve the desired mitigation of the primary operational, financial, strategic and compliance risks identified by taking the planned organisational and operating measures and implementing and documenting control points within company processes.

The Servizi Italia Group's activities are exposed to various risk types, including interest rate fluctuations and credit, liquidity and cash flow risks. To minimise such risks, the Group has adopted timescales and control methods which allow the company Management to monitor risks and inform the Board of Directors so that it may approve all transactions involving a commitment by the Group with respect to third-party lenders.

### 1.1 Strategic and policy risks

#### *Market risk and sector competition*

The activities of the Group are affected by the general conditions of the economy in the markets in which it operates. A period of economic crisis, with a consequent slowdown in consumption, may have a negative impact on the sales of the Group, with a subsequent decline in production volumes. The current macro-economic scenario causes a significant uncertainty on forward-looking statements with the consequent risk that a more modest performance may impact, in the short term, the margins.

The competitive map of the markets where the Group operates differs from country to country. In particular: (i) the Italian market is highly competitive due to the presence of different operators in the sector of the services offered; (ii) the Brazilian market, due to the growing penetration rate of the demand for services, has witnessed the development of the competition map represented by operators, who through external growth operations, have strengthened their positions in some areas of the country, and by other family-based and small-sized operators, with a limited capacity of self-financing and relatively ineffective management models; (iii) the market of the other countries where the Group operates at this time is not characterised by a significant competitive map. It is not possible to exclude that the intensification of the level of competition in the sector of the services in which the Group operates may condition activities in the future and have significantly negative impacts on operations and on income, the financial position and cash flows.

### *Country risk*

The Group provides its services in several countries through subsidiaries and associates. While pursuing an expansion strategy, the Group has invested and could invest even more in the future also in countries characterised by the poor stability of their political institutions and/or in the midst of international tensions. The above strategy could expose the Group to several types of risks of a macroeconomic nature, deriving, for example, from changes in the political, social economic and regulatory systems adopted by these countries or from extraordinary events such as pandemics, acts of terrorism, civil disturbances, restrictions on services provided, as well as policies aimed at the control of foreign exchange rates, inflation phenomena, sanctions and nationalisations.

### *Risks associated with growth*

The Group aims at continuing to grow through a strategy based on strengthening its presence in the markets in which it operates. Within this strategy, the Group may have to face some challenges in managing possible adjustments to the structure or business model. If the growth of the Group is pursued through external actions such as acquisition operations, it is possible that it may have to face, inter alia, difficulties connected to the correct measurements and integration of the acquired assets, as well as not achieving the expected synergies which may negatively reflect on the asset and on the future economic-financial results of the Group.

## **1.2 Risks associated with the outside environment**

### *Risks associated with customers' orders*

The Group aims at achieving its internal growth in the markets where it operates, through a strategy that includes the awarding of service contracts through public calls for tender or private negotiations, which are regulated by laws that differ from country to country. More specifically, the contracts executed with customers generally have a multi-annual duration, with the possibility, at the end of the first natural expiry date, of an extension for an additional period, normally of the same duration as the initial one; this allows the Group to plan its future activities. However, there are no certainties about the Group being able to maintain the same relationship as a contractual vendor and no certainties about the fact that the new public calls for tender or other private negotiations will offer technical-economic conditions of interest to the Group; this may cause negative and significant effects on the business and

on the economic, equity and financial position of the Group. In relation to the contracts in the portfolio, there is no temporal concentration in the expiry of the same, also taking into account the fact that the Group is recognised as a privileged partner of public and private health service companies in the countries in which it operates, through: (i) an offer portfolio that meets requirements, explicit and implicit, of the customers; (ii) the provisions of high-quality services and their monitoring through the RFID technology applied to distribution and traceability issues; (iii) the constant dialogue with the customer focused on the improvement of the services; (iv) the research and development activities. On an ongoing basis, the Group adopts mitigation strategies for the risks connected to customer orders, in order to reduce the possibility of negative impacts on its consolidated results over time (in terms of lower revenues as well as lower margins). To mitigate “operating/process” risks, management plans and implements organisational and industrial restructuring and efficiency measures for operations, in order to improve margins and profitability. Furthermore:

Mitigation of the risk of non-awarding of contracts:

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

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

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

The Group also guarantees the involvement of competent resources in the management of customers at area level. More specifically, at organizational level, the corporate structure of the Parent Company consists of an area sales agent (who represents the contractual contact person), sales personnel and



service technicians. Lastly, the Company ensures the ongoing, correct and full training of these professionals, both in general terms and in terms of sector specifications.

#### *Risks associated with changes in sector legislation*

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

### **1.3 Financial risks**

#### *Interest rate risk*

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

#### *Credit risk*

Receivables due from public institutions are certain in terms of collectability and, by nature, have a very low risk of loss, while those from private customers are exposed to greater uncertainties. The Group has adopted procedures for the ongoing monitoring of its exposure to different counterparties and has implemented adequate measures for risk mitigation through procedures for the recovery of doubtful receivables using legal assistance if the filing of legal actions is required.

Having taken into account the characteristics of the credit, the risk could become more significant in the event of an increase in the private customer component; however, this aspect is mitigated by careful selection and financing of customers.

#### *Price risk*

This is the risk associated with the volatility of the prices of the raw materials and the energy commodity, with particular reference to electricity and gas used in the primary production processes and cotton to which the purchase cost of the linen is partly linked. This risk is also connected to the impossibility of interrupting or suspending the execution of the services, as they are of an essential and non-postponable nature. Therefore, in the context of the main public procurement contracts, the Group makes use of clauses that allow it to adjust the price of the services provided in the event of significant changes in costs; the price risk is also controlled through the stipulation of purchase contracts with



frozen prices with average annual time horizons to which is added constant monitoring of the price trend in order to identify saving opportunities, hypotheses reflected in the Servizi Italia Group's long-term plan. The risk arising from inflation phenomena in the countries where the Group operates may have an impact on the trade margins; this phenomenon is controlled, when the laws of the countries allow for it, through contractual clauses adjusting the price of the rendered services to inflation; or by maintaining on-going trade relationships with the customers in order to identify activities aimed at not negatively impacting the interests of the parties. To this end, the Company has set up a Working Group that involves the purchasing and management control functions and the Head of Strategic Planning, in order to have an ongoing dialogue to enable it to seize market opportunities.

#### *Exchange rate risk*

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

#### *Liquidity risk*

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

To correctly manage the liquidity risk, an adequate level of cash and cash equivalents must be maintained. In light of the predominantly public nature of the group's customers and the average

collection times, cash and cash equivalents are mainly obtained from accounts receivable financing and medium-term loans.

#### 1.4 Process risks

##### *Risks associated with related party transactions*

Transactions with related parties are regulated in compliance with the provisions of the Regulations approved by CONSOB with resolution no. 17221 of 12 March 2010, as subsequently amended, and the Regulations for Transactions with Related Parties approved by the Board of Directors of Servizi Italia S.p.A. on 24 November 2010, subsequently amended on 13 November 2015, 12 May 2017, 14 November 2018 and 25 June 2021. The Servizi Italia Group has transactions outstanding with related parties (as defined by international accounting standard IAS 24).

Transactions with Related Parties have been analysed in the specific supplementary annual and consolidated income statement and statement of financial position schedules as at 31 December 2022 and stated in detail in the related notes. The “Regulations for related party transactions” contain the rules that govern the identification, approval and execution of related party transactions implemented by Servizi Italia S.p.A., directly or via subsidiaries, for the purpose of ensuring the transparency and accuracy, both essential and procedural, of said transactions.

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

The Group is exposed to risks related to the type of activities implemented as well as the methods of providing services. In particular, the linen and surgical instrument sterilisation activity consists of the careful execution of all activities necessary to ensure that the service/product is effective and safe for the final user. Any defects in the business process could generate liability vis-à-vis the customers or third parties and give rise to subsequent requests for damage compensation. Accordingly, the Company has taken out insurance policies to cover these risks, in line with sector practice, to cover the liability: (i) in relation to the product, and (ii) civil vis-à-vis third parties and workers in the sterilisation centres.

However, there can be no certainty with regard to the adequacy of the insurance coverage in relation to any damages caused by the aforementioned events. Therefore, the risk that Servizi Italia will have to undertake possible additional charges and costs, with a consequently negative impact on the Group economic and financial results, cannot be excluded. Over the last three years, no events took place which required the compensation of damages not covered by insurance policies. Furthermore, as of the date of approval of this report, there are no pending matters relating to requests for damage compensation linked to the linen and surgical instrument sterilisation activities.

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

The Group has adopted the management and organisation model envisaged by Italian Legislative Decree No. 231/2001 for the purpose of creating a system of rules aimed at preventing the adoption of unlawful conduct by senior management, executives or in any event those with decision-making powers deemed significant for the purpose of application of this legislation. Servizi Italia believes that it has

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

#### *Climate change*

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

The Group has integrated aspects related to the management of environmental, social and governance (ESG) risks into its Internal Control and Risk Management System Guidelines. With regard to the focus on the risks related to climate change:

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

Attention to the issue of the risk inherent in climate change has grown and an in-depth study of the methodologies for assessing the risks connected to it is underway. At present, the Group does not see a high-risk profile in relation to climate change. The progressive approach to a low-carbon economy will not determine, in the expectations of the Directors, significant impacts on the business and the technological change that could ensue to date is not expected to have significant effects on the reference market. The consolidated non-financial disclosure and 2022 sustainability report, to which

reference is made, also indicate the management methods and mitigation measures for ESG risks (Environmental compliance risks, Physical risks linked to climate change, Transition risks linked to climate change, Risks linked to health and safety in the workplace, Risks related to corruption). Moreover, it should be noted that the economic and financial repercussions deriving from the objectives of energy efficiency and reduction of CO2 emissions outlined in the 2023-2025 NFD plan were adequately considered in the estimates prepared by the directors in the 2023-2027 business plan. The same is used to carry out the impairment test, which will be discussed in detail in paragraphs 6.3 of the separate and consolidated financial statements.

#### *Risks related to the violation of GDPR and Data Breach personal data*

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

The personal data held by the Group may be managed by various functions and employees and collaborators. The risk to which Servizi Italia is exposed is that of non-compliance with Reg. EU 679/19 and having to face a potential security breach that accidentally or unlawfully involves the destruction, loss, modification, unauthorized disclosure or access to personal data transmitted, stored or otherwise processed. These events can be of an intentional or accidental nature. In light of the latest legislative innovations and by virtue of the advent of remote working, the Company has adopted an IT Regulation that includes the set of procedures and the company policy for the management of Data Breach risk. A Data Controller has also been appointed. The company staff has been trained: on the rules of conduct for the management of personal data, on the management of workstations during working hours, on the management and storage of data in paper and electronic form. All company e-mails have been provided with a specific "attention" message regarding confidentiality and data processing. For guests, at the time of registration, a specific Privacy Policy is made available according to GDPR 679/19. In addition, in compliance with Regulation (EU) 2016/679, the Company has appointed a *Data Protection Officer* (DPO), a professional with specific expertise and experience in the Privacy area.

#### **Information on ongoing proceedings**

The Parent Company has proceedings in progress before the Court of Modena for the administrative liability of legal entities - pursuant to Italian Legislative Decree no. 231/2001 - for an alleged violation of Art. 319 of the Italian Criminal Code, with reference to the awarding of a tender issued by AOU Policlinico di Modena for a nine-year "Global Service" contract, through resolution of 19.12.2008 to the RTI (temporary joint consortium) established by Coopservice Soc.Coop.p.A., in its capacity as lead contractor, and by other companies including Servizi Italia S.p.A., Padana Everest S.r.l. and Lavanderia

Industriale ZBM S.p.A. (companies subsequently merged by incorporation into Servizi Italia S.p.A.) as principals. It should be noted that, at the hearing on 16 February 2021, the Court of Modena ruled in favour of the Chairman, Mr. Roberto Olivi and Messrs. Enea Righi and Luciano Facchini, former directors with powers of representation of Servizi Italia, ruling that the case must not proceed by reason of statute of limitations with consequent extinguishment the alleged offence. Currently, therefore, as specified above, the procedure continues exclusively against the entities so as to initiate the investigation also in terms of the non-existence of the predicate offence already declared prescribed in relation to the predicate offences referred to in Italian Legislative Decree no. 231 of 2001. For completeness, it should be noted that to date the contracting authority has not revoked the contract, nor communicated its intention to evaluate the possible revocation of the same.

In January 2019, Servizi Italia was awarded, as principal, the RTI (temporary grouping of companies) formed by Coopservice Soc. Coop p.a., Servizi Italia S.p.A. and others, in relation to the contract for the assignment of the management of integrated support services to the person at the University Hospital of Bologna for a period of six years and for an annual value, limited to Servizi Italia's share, equal to approximately Euro 4 million. On 20 August 2020, the Council of State unexpectedly overturned the previous rulings of the Regional Administrative Court and of the Council of State which, by cancelling the request for suspension by the plaintiff, had allowed the Temporary Joint Venture of which Servizi Italia is a party to take over during the month of February 2020 in the provision of the service following the award. In view of this last ruling, acting in the name and on behalf of the above mentioned Temporary Joint Venture, pursuant to art. 395 of the Code of Civil Procedure and to art. 106 of the Code of Administrative Procedure, the parent company unsuccessfully proposed an appeal for revocation before the Council of State. To date, an appeal is pending before the Supreme Court of Cassation for lack of jurisdiction.

In December 2022, Servizi Italia S.p.A. initiated a judicial protection action - still pending - before the Lazio Regional Administrative Court, challenging: **i)** the Ministerial Decree of 6 July 2022 adopted by the Minister of Health, in agreement with the Minister of Economy and Finance, which certified the exceeding of expenditure limits on medical devices at national and regional level for the years 2015, 2016, 2017 and 2018; **ii)** the Ministerial Decree of 6 October 2022, adopted by the Minister of Health, in agreement with the Minister of Economy and Finance, who adopted the guidelines in preparation for the issue of regional and provincial Payback measures, as well as **iii)** the consequential Payback measures which some Regions, to varying degrees, have imposed on Servizi Italia with respect to the remediation of expenditure limits. The main issue raised before the competent court pertains to the violation of the terms established in paragraph 8 of Art. 9-ter of Decree Law 78/2015, according to which the expenditure limits excess should have been ascertained and declared by 30 September of each year. Hence: **i)** the illegitimacy of the Decree of 6 July 2022, which ascertained the expenditure limits excess, with macroscopic delay, in compliance with the aforementioned terms and **ii)** the concomitant unconstitutionality of the acts and rules that allowed the retroactive application of the Payback measure; this is art. 9-ter of Decree Law 78/2015 as amended by art. 1, paragraph 557 of Law no. 145 of 30 December 2018, in conjunction with art. 18 of Decree Law no. 115 of 9 August 2022 ("Aid Decree"), converted with Italian Law no. 221 of 21 September 2022. On the margin of this issue, a more radical challenge was also anticipated on the intrinsic unlawfulness of the Payback measure itself, hypothesising a substantial expropriation or tax value for the measure. Given the complexity of the

issues raised, it is not possible at the moment to make forecasts regarding the outcome of the judicial protection action. For the estimate concerning the Payback issue, please refer to the Provisions for risks and charges section.

The Group, having carried out the necessary verifications and assessed with the support of its legal consultants, on the one hand, the soundness of its defensive arguments and, on the other, the uncertainty and unreliability of the current estimate of possible economic damage, has not yet decided to make provisions in the financial statements, without prejudice to what has been specified above with regard to medical devices payback.

## Human resources and industrial relations

As at 31 December 2022 the workforce of Servizi Italia Group, including employees of consolidated companies, was as follows:

Company	Executives	Middle managers	White-collar staff	Blue-collar staff	Total
Servizi Italia S.p.A.	13	27	170	1,669	1,879
Steritek S.p.A.	-	-	27	-	27
SRI Empreendimentos e Participações Ltd	1	-	-	-	1
Lavsim Higienização Têxtil S.A	1	7	50	454	512
Maxlav Lavanderia Especializada S.A.	2	1	20	430	453
Vida Lavanderias Especializada S.A.	-	-	2	9	11
Aqualav Serviços De Higienização Ltda	-	1	12	208	221
Ankateks Turizm İnşaat Tekstil Temizleme Sanayi ve Ticaret Ltd Şirketi	2	-	4	222	228
Ergülteks Temizlik Tekstil Ltd. Sti.	-	-	2	98	100
Ankateks Tur. Teks. Tem.Sanve TIC. A.s. – Olimpos	-	-	-	9	9
Laundry Teks.Tem. Hizm. Ve Tur. San. Tic. LTD.Sti IS Ortakligi	-	-	-	9	9
Wash Service S.r.l.	-	-	7	41	48
Ekolav S.r.l.	-	-	6	59	65
<b>TOTAL</b>	<b>19</b>	<b>36</b>	<b>300</b>	<b>3,199</b>	<b>3,554</b>

### 1 Industrial Relations

In the first few months of the year, several meetings were held between the Parent Company and the trade unions during which the Parties, taking into account the reference context, which remains critical compared to 2021, as well as the recent conflict in Ukraine and the related repercussions in terms of energy price increases, agreed to sign a Supplementary Agreement that envisages different validities for the regulatory and economic part.

As a result of the above, the new Supplementary Agreement was signed on 9 June 2022 with a three-year duration (2022-2024) for the regulatory part and validity for one year as regards the regulation of the Performance Bonus (2022).

### 2 Training and development

Various training areas were planned for 2022, including professional technical and technical systems training, health and safety in the workplace, environment and quality, certification systems and general regulations, safe and eco-sustainable driving, diversity and inclusive communication (both in Italy and in



Brazil). Professional technical training has allowed workers to expand their skills and update their knowledge of new technologies and work processes. Training on health and safety in the workplace has made it possible to guarantee a safe working environment for all employees; in addition to what is required by law, the training concerned the use of machines and equipment, complex systems, confined environments, use of the AED and safe driving (50 employees involved). Courses launched include a refresher course for the employees of the sterilization centres and refresher courses for supervisors (with reference to the amendments introduced by Italian Legislative Decree 106/2009 to Art. 18 of the Consolidated Law on Safety). During 2022, the Group provided a total of 21,237 hours of training, equal to 5.98 hours per employee, involving 74.7% blue-collar workers, 22.8% white-collar workers, 1.8% middle managers and 0.7% executives. The significant increase in training hours provided (+42%) is only partly due to an improvement in the data collection process on courses on technical-professional skills and for the development of skills. The result was also determined by the launch of an internal reorganization aimed at better planning and management of training processes, as well as the mapping and development of workers' skills. For additional information on the issues concerning personnel training and development, refer to the Consolidated Non-financial Disclosure, 2022 Sustainability Report.

## Other information

Pursuant to Art. 3 of Consob Resolution No. 18079 dated 20 January 2012, Servizi Italia S.p.A. decided to join the out-put regime set forth in Art. 70, par. 8 and Art. 71, par. 1-bis, of Consob Regulation No. 11971/99 (as amended), availing itself of the right to derogate from the obligation to publish the disclosures as set forth in Annex 3B of the aforementioned Consob Regulation at the time of significant mergers, spin-offs, share capital increases through contributions in kind, acquisitions and transfers. With reference to the changes made to the regulatory framework in 2016, Servizi Italia S.p.A. publishes the additional periodical information, meeting the obligations specified for the issuers listed in the Euronext 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.

## Allocation of the profit (loss) for the year

Dear Shareholders,

Acknowledging that the net profit for the year is equal to Euro 1,738,695, the Board of Directors asks you to approve the separate financial statements for the year ended 31 December 2022 and to allocate the profit for the year according to the proposal made in the notes to the separate financial statements, that is:

- Euro 447,181 to the valuation reserve for equity investments by using the equity method;
- to carry forward the residual profit for the year.

The Chairman of the Board of Directors  
(Roberto Olivi)



# Separate financial statements

*as at 31 December 2022*



**Servizi  
Italia**

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## STATEMENT OF FINANCIAL POSITION

(Euros)	Note	31 December 2022	of which with related parties (Note 8)	31 December 2021	of which with related parties (Note 8)
<b>ASSETS</b>					
<b>Non-current assets</b>					
Property, plant and equipment	6.1	124,530,125	19,511,473	129,465,614	20,552,644
Intangible assets	6.2	2,914,706	-	3,340,164	-
Goodwill	6.3	44,575,159	-	44,575,159	-
Equity-accounted investments	6.4	52,950,072	-	46,187,974	-
Equity investments in associates, jointly-controlled companies and other companies	6.5	28,617,101	-	28,808,821	-
Financial receivables	6.6	8,508,692	7,564,881	3,745,894	2,422,118
Deferred tax assets	6.7	9,501,368	-	7,444,485	-
Other assets	6.8	1,218,893	-	1,930,613	-
<b>Total non-current assets</b>		<b>272,816,116</b>		<b>265,498,724</b>	
<b>Current assets</b>					
Inventories	6.9	6,254,326	-	6,515,416	-
Trade receivables	6.10	56,951,485	12,368,587	55,195,462	11,361,093
Current tax receivables	6.11	1,912,290	-	1,763,210	-
Financial receivables	6.12	7,325,359	6,132,087	7,430,036	6,279,961
Other assets	6.13	8,575,082	-	6,863,191	-
Cash and cash equivalents	6.14	15,430,481	-	765,758	-
<b>Total current assets</b>		<b>96,449,023</b>		<b>78,533,073</b>	
<b>TOTAL ASSETS</b>		<b>369,265,139</b>		<b>344,031,797</b>	
<b>SHAREHOLDERS' EQUITY AND LIABILITIES</b>					
<b>Shareholders' equity</b>					
Share capital	6.15	29,432,100	-	29,809,043	-
Other reserves and retained earnings	6.15	95,270,570	-	87,067,113	-
Profit (loss) for the year		1,738,695	-	4,812,088	-
<b>TOTAL SHAREHOLDERS' EQUITY</b>	6.15	<b>126,441,365</b>		<b>121,688,244</b>	
<b>LIABILITIES</b>					
<b>Non-current liabilities</b>					
Due to banks and other lenders	6.16	58,065,592	19,653,609	54,509,994	20,543,205
Deferred tax liabilities	6.17	1,752,893	-	1,722,055	-
Employee benefits	6.18	6,463,201	-	6,925,174	-
Provisions for risks and charges	6.19	1,233,958	-	759,617	-
Other financial liabilities	6.20	-	-	-	-
<b>Total non-current liabilities</b>		<b>67,515,644</b>	-	<b>63,916,840</b>	-
<b>Current liabilities</b>					
Due to banks and other lenders	6.16	75,917,525	1,773,223	67,008,859	1,569,932
Trade payables	6.21	80,528,198	10,365,815	72,368,279	10,009,321
Current tax payables	6.22	-	-	195,219	-
Employee benefits	6.18	-	-	719,329	-
Other financial liabilities	6.23	-	-	599,374	-
Provisions for risks and charges	6.19	2,097,296	-	1,525,547	-
Other payables	6.24	16,765,111	-	16,010,106	-
<b>Total current liabilities</b>		<b>175,308,130</b>		<b>158,426,713</b>	
<b>TOTAL LIABILITIES</b>		<b>242,823,774</b>		<b>222,343,553</b>	
<b>TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES</b>		<b>369,265,139</b>		<b>344,031,797</b>	

## INCOME STATEMENT

(Euros)	Note	31 December 2022	of which with related parties (Note 8)	31 December 2021	of which with related parties (Note 8)
<b>Sales revenues</b>	<b>7.1</b>	<b>219,950,757</b>	<b>16,830,394</b>	<b>211,754,659</b>	<b>15,420,259</b>
Other income	7.2	9,912,120	1,959,461	9,142,376	1,799,539
Raw materials and consumables	7.3	(23,101,384)	(171,199)	(22,458,116)	(181,174)
Costs for services	7.4	(84,629,390)	(25,330,532)	(75,453,168)	(26,948,198)
Personnel expense	7.5	(71,677,299)	(856,603)	(70,580,250)	(1,060,609)
Other costs	7.6	(1,409,549)	(66,474)	(981,161)	(73,635)
Depreciation/amortisation, impairment and provisions	7.7	(45,644,389)		(44,960,643)	
<b>Operating profit</b>		<b>3,400,866</b>		<b>6,463,697</b>	
Financial income	7.8	918,388	661,039	732,575	497,762
Financial expenses	7.9	(3,495,336)	(1,306,380)	(2,704,441)	(1,318,933)
Income/(expense) from equity investments	7.10	456,200	90,592	436,789	94,730
Share of profit/loss of equity-accounted investments	6.4	(799,894)		331,341	
<b>Profit before tax</b>		<b>480,224</b>		<b>5,259,961</b>	
Current and deferred taxes	7.11	1,258,471		(447,873)	
<b>Profit (loss) for the year</b>		<b>1,738,695</b>		<b>4,812,088</b>	

## STATEMENT OF COMPREHENSIVE INCOME

(Euros)	Note	31 December 2022	31 December 2021
<b>Profit (loss) for the year</b>		<b>1,738,695</b>	<b>4,812,088</b>
<i>Other comprehensive income that will not be reclassified to the Income Statement</i>			
Actuarial gains (losses) on defined benefit plans	6.18	500,066	9,317
Portion of comprehensive income of the investments measured using the equity method			
Income taxes on other comprehensive income	6.7 6.17	(120,016)	(2,236)
<i>Other comprehensive income that may be reclassified to the Income Statement</i>			
Portion of comprehensive income of the investments measured using the equity method	6.4	2,280,036	(3,228,196)
Income taxes on other comprehensive income			
<b>Total other comprehensive income after taxes</b>		<b>2,660,086</b>	<b>(3,221,115)</b>
<b>Total comprehensive income for the year</b>		<b>4,398,781</b>	<b>1,590,973</b>

## STATEMENT OF CASH FLOWS

(Euros)	Note	31 December 2022	of which with related parties (Note 8)	31 December 2021	of which with related parties (Note 8)
<i>Cash flow generated (absorbed) by operations</i>					
Profit (loss) before tax		480,224	-	5,259,962	-
Payment of current taxes		(333,177)	-	-	-
Amortisation	7.7	45,818,961	-	44,492,666	-
Impairment and provisions	7.7	(174,573)	-	467,977	-
Gains/losses on equity investments	6.4 7.10	343,693	-	(768,130)	-
Gains/losses on disposal	7.2 7.6	(878,267)	-	(2,414,258)	-
Interest income and expense accrued	7.8 7.9	2,576,949	-	1,971,866	-
Interest income collected	7.8	215,090	-	228,301	-
Interest expense paid	7.9	(1,648,232)	-	(842,647)	-
Interest paid on liabilities for leasing	7.9	(1,398,670)	(1,177,435)	(1,539,031)	(1,318,933)
Provisions for employee benefits	6.18	1,394,456	-	888,353	-
(Increase)/decrease in inventories	6.9	261,090	-	(169,616)	-
(Increase)/decrease in trade receivables	6.10	(4,145,966)	(1,007,495)	(3,544,483)	2,264,601
Increase/(decrease) in trade payables	6.21	10,785,592	356,494	(1,145,789)	(3,398,907)
Increase/(decrease) in other assets and liabilities		(154,141)	-	(1,865,103)	(1,779,813)
Settlement of employee benefits	6.18	(2,106,614)	-	(1,610,622)	-
<b>Cash flow generated (absorbed) by operations</b>		<b>51,036,415</b>		<b>39,409,446</b>	-
<i>Net cash flow generated (absorbed) from investment activities in:</i>					
Intangible assets	6.2	(481,690)	-	(662,005)	-
Property, plant and equipment	6.1	(39,698,814)	-	(45,671,120)	-
Dividends received	7.10	346,300	-	584,772	-
(Acquisitions)/Disposals		-	-	9,527,290	-
Sale of equity investments	6.4 6.5	620,079	-	9,302	-
Purchase of equity investments	6.4 6.5	(4,314,907)	-	(580,768)	-
<b>Net cash flow generated (absorbed) by investment activities</b>		<b>(43,529,032)</b>		<b>(36,792,529)</b>	-
<i>Cash flow generated (absorbed) from financing activities in:</i>					
Financial receivables	6.6 6.12	(4,694,215)	(4,474,174)	2,684,947	2,225,401
Net (purchase)/sales of treasury shares	6.15	(612,709)	-	(1,004,330)	-
Dividends paid	6.15	-	-	-	-
Share capital increase	6.15	-	-	-	-
Current due to banks and other lenders	6.16	11,797,266	-	(5,547,557)	-
Non-current due to banks and other lenders	6.16	3,555,598	-	3,653,084	-
Reimbursement of liabilities for leasing		(2,888,600)	(1,693,270)	(2,633,761)	(1,495,521)
<b>Cash flow generated (absorbed) from financing activities</b>		<b>7,157,340</b>		<b>(2,847,617)</b>	-
<b>(Increase)/decrease in cash and cash equivalents</b>		<b>14,664,723</b>		<b>(230,700)</b>	
Opening cash and cash equivalents	6.14	765,758		996,458	
Incorporated cash		-		-	
Closing cash and cash equivalents	6.14	15,430,481		765,758	

## STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

<i>(thousands of Euros)</i>	Share capital	Share premium reserve	Legal reserve	Retained earnings	Translation reserve	Profit (loss) for the year	Total Shareholders' Equity
<b>Balance as at 1 January 2021</b>	<b>30,258,991</b>	<b>50,229,167</b>	<b>6,617,527</b>	<b>63,682,351</b>	<b>(32,272,705)</b>	<b>2,586,270</b>	<b>121,101,601</b>
Allocation of profit (loss) from the previous financial year	-	-	-	2,586,270	-	(2,586,270)	-
Treasury share transactions	(449,948)	(554,382)	-	-	-	-	(1,004,330)
Profit (loss) for the year	-	-	-	-	-	4,812,088	4,812,088
Other components of comprehensive income	-	-	-	7,081	(3,228,196)	-	(3,221,115)
<b>Balance as at 31 December 2021</b>	<b>29,809,043</b>	<b>49,674,785</b>	<b>6,617,527</b>	<b>66,275,702</b>	<b>(35,500,901)</b>	<b>4,812,088</b>	<b>121,688,244</b>
<b>Balance as at 1 January 2022</b>	<b>29,809,043</b>	<b>49,674,785</b>	<b>6,617,527</b>	<b>66,275,702</b>	<b>(35,500,901)</b>	<b>4,812,088</b>	<b>121,688,244</b>
Allocation of profit (loss) from the previous financial year	-	-	-	4,812,088	-	(4,812,088)	-
Adjustment of valuation reserve to shareholders' equity	-	-	-	(728,304)	-	-	(728,304)
Treasury share transactions	(376,943)	(235,766)	-	-	-	-	(612,709)
High inflation effect in Turkey	-	-	-	1,695,353	-	-	1,695,353
Profit (loss) for the year	-	-	-	-	-	1,738,695	1,738,695
Other components of comprehensive income	-	-	-	380,050	2,280,036	-	2,660,086
<b>Balance as at 31 December 2022</b>	<b>29,432,100</b>	<b>49,439,019</b>	<b>6,617,527</b>	<b>72,434,889</b>	<b>(33,220,865)</b>	<b>1,738,695</b>	<b>126,441,365</b>

## EXPLANATORY NOTES

### Introduction

The separate financial statements of Servizi Italia S.p.A., which include the statement of financial position, income statement, statement of comprehensive income, cash flow statement, statement of changes in shareholders' equity and explanatory notes, have been drawn up in compliance with the "International Financial Reporting Standards IFRS" issued by the International Financial Reporting Standards Board and with the interpretations issued by the IFRS Interpretation Committee, based on the text published in the Official Journal of the European Communities (O.J.E.C.).

These financial statements were approved on 14 March 2023 by the Board of Directors, which authorised their publication.

The accounting standards illustrated below have been applied on a consistent basis to all the periods presented.

The amounts shown in the explanatory notes are expressed in thousands of Euros, unless specified otherwise.

The financial statement schedules adopted by the group have the following characteristics:

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

### IFRS accounting standards, amendments and interpretations applied as from 1 January 2022

The following IFRS accounting standards, amendments and interpretations were applied for the first time by the Company on 1 January 2022:

- On 14 May 2020, the IASB published the following amendments:
  - **Amendments to IFRS 3 Business Combinations:** the purpose of the amendments is to update the reference in IFRS 3 to the revised Conceptual Framework, without this implying changes to the provisions of the standard.
  - **Amendments to IAS 16 Property, Plant and Equipment:** the purpose of the amendments is not to allow the deduction from the cost of tangible assets the amount received from the sale of assets produced in the test phase of the same assets. These sales revenues and the related costs will therefore be recognized in the income statement.
  - **Amendments to IAS 37 Provisions, Contingent Liabilities and Contingent Assets:** the amendment clarifies that all costs directly attributable to the contract must be considered in the estimate of the possible cost of a contract. Consequently, the assessment of the possible cost of a contract includes not only incremental costs (such as, for example, the cost of the direct material used in the processing), but also all the

- costs that the company cannot avoid since it has stipulated the contract (such as, for example, the portion of depreciation of the machinery used to fulfil the contract).
- Annual Improvements 2018-2020: the amendments were made to IFRS 1 First-time Adoption of International Financial Reporting Standards, IFRS 9 Financial Instruments, IAS 41 Agriculture and the Illustrative Examples of IFRS 16 Leases.

Adoption of this new amendment had no impact on the Company's financial statements.

### **IFRS accounting standards, amendments and interpretations approved by the European Union, not yet applicable on a mandatory basis and not adopted early by the Company as at 31 December 2022**

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

- On 12 February 2021, the IASB published two amendments called "**Disclosure of Accounting Policies - Amendments to IAS 1 and IFRS Practice Statement 2**" and "**Definition of Accounting Estimates - Amendments to IAS 8**". The amendments are aimed at improving disclosure on accounting policies in order to provide more useful information to investors and other primary users of the financial statements and to help companies distinguish changes in accounting estimates from changes in accounting policies. The amendments will apply from 1 January 2023, though early adoption is allowed. Directors do not expect any significant effect on the financial statements of the Company upon adoption of these amendments.
- On 7 May 2021, the IASB published an amendment called "**Amendments to IAS 12 Income Taxes: Deferred Tax related to Assets and Liabilities arising from a Single Transaction**". The document clarifies how deferred taxes on certain transactions which can generate assets and liabilities of the same amount, such as leasing and dismantling obligations, must be accounted for. The amendments will apply from 1 January 2023, though early adoption is allowed. Directors do not expect any significant effect on the financial statements of the Company upon adoption of this amendment.

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

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

- On 23 January 2020, the IASB published an amendment called "Amendments to IAS 1 Presentation of Financial Statements: Classification of Liabilities as Current or Non-current" and on 31 October 2022 it published an amendment called "Amendments to IAS 1 Presentation of Financial Statements: Non-Current Liabilities with Covenants". The purpose of the documents is to clarify how to classify payables and other short or long-term liabilities. The



amendments come into effect on 1 January 2024; early adoption is in any case allowed. Directors do not expect any significant effect on the financial statements of the Company upon adoption of this amendment.

- On 22 September 2022, the IASB published an amendment called “**Amendments to IFRS 16 Leases: Lease Liability in a Sale and Leaseback**”. The document requires the seller-lessee to assess the lease liability deriving from a sale & leaseback transaction so as not to recognize an income or a loss that refers to the withheld right of use. The amendments will apply from 1 January 2024, though early adoption is allowed. Directors do not expect any significant effect on the financial statements of the Company upon adoption of this amendment.

## 1 Core Business

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

- wash-hire services, which include (i) planning and provision of integrated hire, reconditioning (disinfection, washing, finishing and packaging) and logistics (pick-up and distribution to usage centres) services for textile items, mattresses and accessories (pillowcases, curtains), (ii) rental and washing of high visibility “118” emergency service items and (iii) logistics, transport and management of hospital linen storage facilities;
- linen sterilisation services, which include the planning and rental of sterile medical devices for operating theatres (linens for operating theatres and scrubs) packed in sets for the operating theatre, in cotton or in re-usable technical fabric, as well as personal protection equipment (gloves, masks); and
- surgical instrument sterilisation services, which include (i) planning and provision of washing, packaging and sterilisation services for surgical instruments (owned or rented) and accessories for operating theatres and (ii) planning, installation and renovation of sterilisation centres.

## 2 The Company as part of a group

Servizi Italia S.p.A. is part of the Coopservice S.Coop.p.A. Group, with registered offices in Reggio Emilia, which holds a controlling shareholding via Aurum S.p.A., with registered offices in via Rochdale 5, Reggio Emilia.

## 3 Accounting standards and basis of preparation

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

We note in particular that, during the second quarter of 2022, the Turkish economy was considered hyperinflationary on the basis of the criteria established by “IAS 29 - Financial reporting in hyperinflationary economies”. This is due to the assessment of a series of qualitative and quantitative elements, including the presence of a cumulative inflation rate greater than 100% over the previous

three years. This, together with other characteristics of the country's economy, led the Company to adopt, starting from 1 January 2022, with reference to the subsidiary Ankateks Turizm İnşaat Tekstil Temizleme Sanayi ve Ticaret Ltd Şirketi, 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. The value as at 1 January 2022 of the non-monetary elements, including goodwill, were restated, in order not to exceed their recoverable value in accordance with the provisions of the relevant IFRS. Gains or losses on the net monetary position are charged to the income statement of the Ankara Group (composed of the companies Ankateks Turizm İnşaat Tekstil Temizleme Sanayi ve Ticaret Ltd Şirketi, Ergülteks Temizlik Tekstil Ltd. Sti and Ankateks Tur. Teks. Tem.Sanve TIC. A.s. – Olimpos Laundry Teks.Tem. Hizm. Ve Tur. San. Tic. LTD.Sti IS Ortakligi). In the separate financial statements of Servizi Italia S.p.A., the effects relating to the application of IAS 29 are assimilated through the valuation at equity of the equity investment in Ankateks Turizm İnşaat Tekstil Temizleme Sanayi ve Ticaret Ltd Şirketi in accordance with the provisions of IAS 27.

#### A. Property, plant and equipment

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

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

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

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

Category	Years
Industrial buildings	33
Plant and machinery	12
General plant	7
Industrial and commercial equipment	4
Specific equipment	8
Flat linen	3
Packed linen for "118" emergency services operators and hotel	4
Mattresses	8
Furniture and fixtures	8
Electronic machinery	5
Cars	4
Other vehicles	5

The useful lives are reviewed, and adjusted if necessary, at the end of each period.

The individual components of an asset, which are characterised by a different useful life, are depreciated separately and on a consistent basis with their duration according to an approach by components. Returnable assets are depreciated over the residual duration of the contract within the sphere of which they are realised.

If there are indicators of impairment, tangible assets are subject to an “Impairment test” as per the following section E; any impairment may be subsequently reversed if the reasons for the impairment cease to apply. These fixed assets include the costs for the creation of the sterilisation and washing installations at the customer sites, which are used exclusively by the Company. These assets are depreciated over the useful life of the assets or the residual duration of the relative contract, whichever is the shorter. The ownership of the asset is transferred to the customer on termination of the contract. The financial expense is capitalised if directly attributable to the purchase, construction or production of an asset.

#### *B. Leasing*

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

#### *C. Intangible assets*

Only identifiable assets, controlled by the enterprise, which are able to produce future economic benefits, can be defined as intangible assets.

These assets are recorded in the financial statements at purchase or production cost, inclusive of the related charges as per the criteria already indicated for property, plant and equipment. The development costs are also capitalised provided that the cost can be reliably determined and that it can be demonstrated that the asset is able to produce future economic benefits.

The intangible assets with a defined useful life are amortised systematically as from the moment the asset is available for use over the envisaged period of utility. They are mainly represented by software licences acquired for a consideration capitalised on the basis of the cost incurred. These costs are amortised on a straight-line basis according to their estimated useful life (3-5 years).

The value attributed to the contract portfolio with the customers acquired by the Company through acquisitions is amortised based on the residual duration of the related contracts and in proportion to the time distribution of the resulting cash flows.

#### *D. Goodwill*

Goodwill represents the additional costs incurred with respect to the fair value of the net assets identified at the time of the acquisition of a company or business. In the separate financial statements, goodwill related to the acquisition of subsidiaries, associates and joint ventures is included in the recognised value of the equity investments measured with the criteria described in the paragraph “Equity investments”.

All goodwill is verified once a year to identify any impairment loss (“impairment test”) and is recognised net of any impairment.

An impairment loss recognised for goodwill cannot be reversed in a subsequent period.

For the purposes of the impairment test, goodwill is allocated to the individual cash generating units (“CGUs”) or CGU groups that are believed to be the source of the financial benefits from the acquisition to which goodwill refers.

#### *E. Impairment test*

In the presence of situations that may potentially generate impairment losses, impairment tests are carried out on property, plant and equipment and intangible assets, by measuring their recoverable value and comparing it with the corresponding net carrying value. If the recoverable value is less than the carrying value, the latter is adjusted accordingly. This reduction represents a loss in value, which is recognised in the Income Statement.

Goodwill and assets with an indefinite useful life or assets not available for use are subject at least once a year to an impairment test, to verify the recoverability of their value. An impairment test is carried out on assets that are amortised/depreciated on the occurrence of events and circumstances that indicate that the carrying value might not be recoverable. In such cases, the book value of the asset is written down until reaching the recoverable value.

The recoverable value is the greater of the fair value of the assets net of selling costs and the value in use. For impairment test purposes, the assets are grouped together at the level of cash generating units (“CGUs”) or CGU groups.

As of each reporting date, steps are taken to verify whether the impairments made on the non-financial assets further to impairment tests should be reversed. If a write-down, previously carried out, no longer has a reason to exist, except for the goodwill, its book value is written back using the new value deriving from the estimate, provided that this value does not exceed the net carrying value that the asset would have had if no write-down was ever carried out. The write-back is also recorded in the Income Statement. Impairment losses recognised on goodwill cannot be reversed.

#### *F. Equity investments*

Servizi Italia S.p.A. controls a company when, in exercising the its power over it, it is exposed and is entitled to its variable returns, involved in its management and, at the same time, has the possibility to impact the variable returns of the investee company. The exercise of the power on the investee company is based on: (i) the voting rights, also potential, held and by virtue of which one can exercise the majority of the votes exercisable during the company’s ordinary shareholders’ meeting; (ii) the content of any agreements between shareholders or the existence of particular article of association clauses, which assign the power to govern the company; (iii) the control of a number of votes sufficient to exercise the de facto control of the company’s ordinary shareholders’ meeting.

Joint control agreements in which the parties hold rights on the net assets of the agreement are defined as joint ventures or jointly-controlled companies, while the joint ventures agreements in which the parties hold rights on the assets and obligations related to the agreement are defined as joint ventures assets. Joint control is the sharing, on a contractual basis, of the control of an agreement, which exists solely when due to decisions relating to the significant activities the unanimous consent of all the parties, which share the control, is required.

Associates are companies in which Servizi Italia S.p.A. is able to participate in the definition of the operating and financial policies despite the same not being subsidiaries or jointly-controlled parties.

Jointly controlled assets (joint operations) are recorded by recognising the portion of asset and liability, cost and revenue that pertain thereto.

a) Equity investments in subsidiaries

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

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

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

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

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

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

The exchange rates used for the conversion into Euros of the financial statements of the subsidiaries are illustrated below. It should be noted that, by virtue of the application of IAS 29 on hyperinflation,

the exchange rate used to convert the economic values of Turkish companies is the exchange rate as at 31 December 2022:

Currency	Exchange rate as at 31 December 2022	Average exchange rate for 2022	Exchange rate as at 31 December 2021	Average exchange rate for 2021
Brazilian Real (BRL)	5.6386	5.4399	6.3101	6.3779
Turkish Lira (TRY)	19.9649	17.4088	15.2335	10.5124

b) Equity investments in associates, jointly-controlled companies and other companies

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

c) Equity investments in other companies

Equity investments in other companies include minority interests of less than 20% related to strategic and productive investments held since related to the management of orders or concessions. These equity investments usually cannot be freely transferred to third parties, since they are subject to rules and agreements that in practice prevent their free circulation. The equity investments in other companies are recognised at the fair value if there is an active market for the securities representative of these equity investments. The profits or the losses deriving from changes in the fair value are recognised directly in the Income Statement. If an active market is not available, which is the case for all equity investments held by the Company as at 31 December 2022, equity investments in other companies are recognised at the cost of purchase or set-up, reduced for any impairment or capital refund, as best estimate of the fair value.

G. *Financial instruments*

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

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

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

Derivative instruments are recognised at fair value in the statement of financial position. The gains and losses realised are recognised in the income statement if the derivatives cannot be defined as hedges under IFRS 9 or they hedge a price risk (fair value hedge) or in the statement of comprehensive income if they hedge a future cash flow or a future contractual commitment already undertaken as at the reporting date (cash flow hedge).

Cash and cash equivalents are bank and post office deposits, marketable securities, which represent temporary investments of liquidity and financial receivables due within three months.

Financial liabilities are recognised initially at the fair value increased (or decreased in the case of financial liabilities recognised at fair value through profit or loss) by the transaction costs directly related to the issue of the liabilities. Subsequently, they are measured at amortised cost, apart from financial derivatives or liabilities held for trading, which are recognised at fair value through profit or loss, or in the cases in which the Company chooses valuation at fair value through profit or loss for liabilities that would be otherwise recognised at the amortised cost. Financial liabilities, trade payables and other payables are recognised at amortised cost. No liabilities in the financial statements were recognised at fair value.

The value of the financial assets is adjusted for any impairment, measured using the Expected Credit Loss model, which estimates the loss expected over a period more or less long according to credit risk:

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

For trade receivables that do not contain a significant financing component, the expected loss is calculated using a method that is simplified with respect to the general approach described above. The simplified approach envisages the estimate of expected loss throughout the life of the credit and without needing to assess the 12-month Expected Credit Loss and the existence of significant increases in credit risk. In an additional derogation from the general method, for financial assets that have a low credit risk, when there is a low risk of default in the short term and in the presence of unfavourable changes in economic conditions, the 12-month expected loss is used.

The financial assets representing “white certificates” are allocated in relation to the achievement of energy savings through the application of efficient systems and technologies. The white certificates are recognised in the accounts on an accruals basis under “Other income”, in proportion to the TOE (tonne of oil equivalent) savings effectively made in the period. The recognition of the same is carried out at the average annual market value unless the year-end market value is significantly lower. The decreases due to sales of white certificates matured during the period or in previous periods are valued at the disposal



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

#### *H. Other non-current assets held for sale*

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

#### *I. Inventories*

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

#### *J. Employee benefits*

##### Post-employment plans

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

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

##### Remuneration plans under the form of participation in the capital

Under IFRS 2, stock option plans are classified as “share-based payments”. For those plans that fall in the “equity-settled” category (where the payment is made using instruments representative of equity), the standard requires the calculation - as of the assignment date - of the fair value of the option rights issued and its recognition as personnel expense to be allocated on a straight-line basis over the period

of accrual of the rights (“vesting period”), recognising a matching balance under shareholders’ equity reserves. This treatment is carried out on the basis of the estimate of the rights, which will effectively accrue in favour of the employees, taking into consideration the conditions of availability of the same not based on the market value of the rights.

### Other long-term benefits

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

#### *K. Provisions for risks and charges*

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

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

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

#### *L. Revenue and cost recognition*

##### Provision of services

The Company offers the following services:

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

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

Some contracts also include installation/restructuring activities to be provided at customers’ washing and sterilisation facilities. These contracts generally envisage the existence of a single performance

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

#### Sales of goods

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

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

#### Other costs and revenues

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

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

#### *M. Income taxes*

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

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

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

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

#### N. *Earnings per share*

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

#### O. *Use of estimated values*

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

#### Particularly significant accounting standards

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

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

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

## 4 Risk management policy

The management of financial risks within the Servizi Italia Group is carried out centrally within the sphere of precise organisational directives, which discipline the handling of the same and the control of all transactions that have strict relevance in the composition of the financial and/or trade assets and liabilities.

The activities of Servizi Italia S.p.A. are exposed to various risk types, including interest rate fluctuations and credit, liquidity, cash flow risks and currency-type risks.

To minimise such risks, Servizi Italia S.p.A. has adopted timescales and control methods, which allow company management to monitor this risk and inform and appropriately inform the Director in charge of the internal control system and (also through him) the Board of Directors.

### 4.1 Type of risks hedged

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

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

#### Price risk

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

### Interest rate risk

The Company's net financial debt comprises short-term payables which, as at 31 December 2022, represent approximately 57% of its debt, at an average annual rate of around 0.89%. In relation to the global financial crisis, the Company is monitoring the market and assessing the appropriateness of taking out hedging transactions on the rates in order to limit the negative impacts of changes in interest rates on the company's income statement. The table below demonstrates the effect that would be generated by a 0.5% increase or decrease in rates (in thousands of Euros).

(thousands of Euros)	0.5% rate increase		0.5% rate decrease	
	31 December 2022	31 December 2021	31 December 2022	31 December 2021
Financial receivables	+61	+55	(61)	(55)
Financial payables	+561	+571	(561)	(571)
Factoring of receivables	+484	+434	(484)	(434)

### Credit risk

As receivables are essentially due from public bodies, they are deemed certain in terms of collectability and, due to their nature, are subject to a low risk of loss. Collection times depend on the loans received, the Local Health Authorities, the Hospitals and the Regional Authorities and at present average collection days are 93.

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

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

The expected loss rates are based on the sale payment profiles in a period of 12 years before 1 January 2022 and the corresponding historical losses on receivables that occurred in this period. The historical loss rates are adjusted to reflect current and expected future information on macroeconomic factors that affect the customers' ability to settle the amounts due.

A summary of trade receivables, net and gross of bad debt provisions, and the stratification by maturity of receivables as at 31 December 2022 is presented below:

(thousands of Euros)	Not yet due	Past due by less than 2 months	Past due by less than 4 months	Past due by less than 12 months	Past due by more than 12 months	Receivables with indications of impairment	Total
Expected loss rate	2.72%	0.62%	1.03%	0.19%	5.29%	80.59%	8.59%
Gross trade receivables	39,919	2,000	3,016	4,060	8,643	4,664	62,302
<b>Loss expected as at 31 December 2022</b>	<b>1,085</b>	<b>12</b>	<b>31</b>	<b>8</b>	<b>457</b>	<b>3,758</b>	<b>5,351</b>

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

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



from public bodies makes the credit risk marginal and shifts attention more towards the collection times rather than the possibility of losses.

### Liquidity risk

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

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

Concentrating its business on orders contracted with the Public Administration Authorities, the Company is exposed to risks associated with delays in payments for receivables. In order to balance this risk, factoring agreements have been entered into with the without recourse formula, renewed also for 2022.

To correctly manage the liquidity risk, an adequate level of cash and cash equivalents must be maintained. In light of the predominantly public nature of the group's customers and the average collection times, cash and cash equivalents are mainly obtained from accounts receivable financing and medium-term loans. The loan agreements with Banca Crédit Agricole Cariparma S.p.A., Banco BPM S.p.A., Unicredit Banca S.p.A., BPER Banca S.p.A., Banca Monte dei Paschi di Siena S.p.A. and Cassa Depositi e Prestiti S.p.A. include clauses for the early repayment with respect to the corresponding amortisation plan if certain financial indicators ("covenants") have not been met. As at 31 December 2022, all covenants included in the loan agreements had been met.

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

(thousands of Euros)	Financial payables		Trade and other payables		Total	
	31 December 2022	31 December 2021	31 December 2022	31 December 2021	31 December 2022	31 December 2021
Less than or equal to 3 months	54,371	40,022	67,881	60,181	122,252	100,203
3 to 12 months	22,981	27,364	28,724	27,968	51,705	55,332
1 to 2 years	20,040	22,102	-	-	20,040	22,102
More than 2 years	40,154	32,647	-	-	40,154	32,647
<b>Total</b>	<b>137,546</b>	<b>122,135</b>	<b>96,605</b>	<b>88,149</b>	<b>234,152</b>	<b>210,284</b>

### Exchange rate risk

The investments in Brazil, Turkey, India, Albania and Morocco have positioned the Servizi Italia Group in an international context, exposing it to exchange rate risk generated by fluctuations in the Euro/Real, Euro/Turkish Lira, Euro/Indian Rupee, Euro/Albanian Lek and Euro/Moroccan Dirham and Euro exchange rates.

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

#### 4.2 Fair value hierarchy and information

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

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

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

(thousands of Euros)	Fair value through profit or loss	Fair value through OCI	Amortised cost
<b>Non-current assets</b>			
Equity investments in associates, jointly-controlled companies and other companies	28,617		
Financial receivables			8,509
Other assets			1,219
<b>Current assets</b>			
Trade receivables			56,951
Financial receivables			7,325
Other assets			8,575
<b>Non-current liabilities</b>			
Due to banks and other lenders			58,066
Other financial liabilities			-
<b>Current liabilities</b>			
Due to banks and other lenders			75,918
Trade payables			80,528
Other financial liabilities			-
Other payables			16,765

#### 4.3 Supplementary information on the capital

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

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

(thousands of Euros)	31/12/2022	31/12/2021	Change	% change
Shareholders' equity (B)	126,441	121,688	4,753	3.9%
Net financial debt <sup>(a)</sup> (A)	111,227	113,323	(2,096)	-1.8%
<b>Net invested capital (C)</b>	<b>237,668</b>	<b>235,011</b>	<b>2,657</b>	<b>1.1%</b>
<b>Gearing (A/C)</b>	<b>46.8%</b>	<b>48.2%</b>		

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

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

## 5 Segment reporting

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

- Wash hire: this includes (i) planning and provision of integrated hire, reconditioning (disinfection, washing, finishing and packaging) and logistics (pick-up and distribution to usage centres) services for textile items, mattresses and accessories, (ii) rental and washing of high visibility "118" emergency service items, (iii) logistics, transport and management of hospital linen storage facilities;
- Linen sterilisation (Steril B): this includes the planning and rental of sterile medical devices for operating rooms (linens for operating rooms and scrubs) packed in kits for the operating areas, in cotton or in re-usable technical fabric, as well as personal protection equipment;
- Sterilisation of surgical instruments (Steril C): this includes (i) the design and supply of washing, packaging and sterilisation services for surgical instruments (owned or rented) as well as accessories for operating rooms, (ii) the design, installation and renovation of sterilisation centres and, (iii) system validation and control services for sterilisation processes and surgical instrument washing systems.

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

## 6 Statement of Financial Position

### 6.1 Property, plant and equipment

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

(thousands of Euros)	Land and buildings	Plant and machinery	Returnable assets	Equipment	Other assets	Fixed assets under constr.	Total
Historical cost	39,240	128,863	31,203	66,755	134,049	4,501	404,611
Accumulated amortisation	(7,939)	(96,151)	(23,617)	(54,449)	(87,988)	-	(270,144)
<b>Balance as at 1 January 2021</b>	<b>31,301</b>	<b>32,712</b>	<b>7,586</b>	<b>12,306</b>	<b>46,061</b>	<b>4,501</b>	<b>134,467</b>
Increases	483	4,585	465	2,830	37,077	1,572	47,012
Decreases	(3,470)	(3,080)	(10)	(349)	(1,682)	(76)	(8,667)
Amortisation	(2,826)	(6,278)	(1,325)	(4,387)	(28,530)	-	(43,346)
Impairments (reinstatements)	-	-	-	-	-	-	-
Reclassifications	1	1,086	243	627	931	(2,888)	-
<b>Balance as at 31 December 2021</b>	<b>25,489</b>	<b>29,025</b>	<b>6,959</b>	<b>11,027</b>	<b>53,857</b>	<b>3,109</b>	<b>129,466</b>
Historical cost	35,086	126,350	31,481	67,026	144,025	3,109	407,077
Accumulated amortisation	(9,597)	(97,325)	(24,522)	(55,999)	(90,168)	-	(277,611)
<b>Balance as at 31 December 2021</b>	<b>25,489</b>	<b>29,025</b>	<b>6,959</b>	<b>11,027</b>	<b>53,857</b>	<b>3,109</b>	<b>129,466</b>
Increases	1,836	3,978	430	3,041	30,487	2,331	42,103
Decreases	-	(598)	(16)	(817)	(593)	(84)	(2,108)
Amortisation	(2,945)	(6,282)	(1,318)	(3,880)	(30,506)	-	(44,931)
Impairments (reinstatements)	-	-	-	-	-	-	-
Reclassifications	-	1,369	42	28	20	(1,459)	-
<b>Balance as at 31 December 2022</b>	<b>24,380</b>	<b>27,492</b>	<b>6,097</b>	<b>9,399</b>	<b>53,265</b>	<b>3,897</b>	<b>124,530</b>
Historical cost	36,417	130,199	31,926	65,424	144,943	3,897	412,806
Accumulated amortisation	(12,037)	(102,707)	(25,829)	(56,025)	(91,678)	-	(288,276)
<b>Balance as at 31 December 2022</b>	<b>24,380</b>	<b>27,492</b>	<b>6,097</b>	<b>9,399</b>	<b>53,265</b>	<b>3,897</b>	<b>124,530</b>

Notes on the main changes:

#### Land and buildings

The increases in the item "Land and Buildings" of Euro 1,836 thousand mainly refers 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.

#### Plant and machinery

The increases in plant and machinery in 2022, equal to Euro 3,978 thousand, mainly concern the plant in Castellina di Soragna (Euro 500 thousand) and the purchase of reading portals for wash-hire contracts (Euro 1,708 thousand). The item also included reclassifications of Euro 1,369 thousand, relating to the commissioning of reading portals for wash-hire contracts (Euro 1,120 thousand) and the revision or expansion of plants and machinery already in place.

### Returnable assets

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

For the financial year ended 31 December 2022, the increases in investments in returnable assets, for Euro 430 thousand, mainly concern the redevelopment of properties where the leased production sites and of wardrobes are located.

### Industrial and commercial equipment

The changes during the financial year ended 31 December 2022 present an increase of Euro 3,041 thousand primarily attributable for Euro 1,541 thousand for the purchase of surgical instruments and Euro 1,026 thousand for the purchase of industrial equipment.

### Other assets

The item is broken down as follows:

<i>(thousands of Euros)</i>	as at 31 December 2022	as at 31 December 2021
Linens and mattresses	50,992	51,557
Furniture and fixtures	147	182
Electronic machinery	1,152	1,218
Cars	19	15
Motor vehicles	202	224
Telephone switchboards	14	17
Rights to use motor vehicles	739	644
<b>Total Other assets</b>	<b>53,265</b>	<b>53,857</b>

The purchases carried out during the financial year were related to linen for a total of Euro 29,484 thousand. The latter are necessary for an increasingly efficient management of the warehouse, both for the new contracts acquired during 2022 and for the renewal of existing contracts.

The item increases is shown net of the tax credit for capital goods pursuant to Italian Law 178/2020 recognized for purchases of capital and Industry 4.0 goods made in 2022.

The Company sold linen, generating a capital gain of Euro 572 thousand. Furthermore, the value of the linen and mattresses completely amortised, for a total of Euro 27.452 thousand, was reversed from the respective accumulated depreciation, because it is presumed that on conclusion of the useful life of said assets, the value is no longer quantifiable so as to establish any additional contribution to the production process.

### Fixed assets in progress

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

The item is broken down as follows as at 31 December 2022:

<i>(thousands of Euros)</i>	as at 31 December 2022	as at 31 December 2021
Sterilisation centre investments	1,182	633
Laundering facility investments	1,598	1,014

Investments on contracts	1,117	1,462
<b>Total</b>	<b>3,897</b>	<b>3,109</b>

In the year 2022 the investments recorded among the fixed assets in progress for sterilisation centres showed an increase of Euro 549 thousand, Euro 584 thousand for laundries and those for contracts registered a decrease of Euro 345 thousand. The increase in fixed assets in progress referring to the sterilization centres is mainly due to the investments made for the preparation of new sterilization centres that will come into operation next financial year.

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

## 6.2 Intangible assets

This item changed as follows:

(thousands of Euros)	Trademarks, software, patents and intellectual property rights	Customer contracts portfolio	Other intangible assets	Fixed assets in progress and payments on account	Total
Historical cost	6,160	7,028	547	120	13,855
Accumulated amortisation	(4,948)	(4,789)	(274)	-	(10,011)
<b>Balance as at 1 January 2021</b>	<b>1,212</b>	<b>2,239</b>	<b>273</b>	<b>120</b>	<b>3,844</b>
Increases	425	-	-	228	653
Decreases	(5)	-	-	-	(5)
Amortisation	(562)	(317)	(273)	-	(1,152)
Impairments (reinstatements)	-	-	-	-	-
Reclassifications	10	-	-	(10)	-
<b>Balance as at 31 December 2021</b>	<b>1,080</b>	<b>1,922</b>	<b>-</b>	<b>338</b>	<b>3,340</b>
Historical cost	6,585	7,028	547	338	14,498
Accumulated amortisation	(5,505)	(5,106)	(547)	-	(11,158)
<b>Balance as at 31 December 2021</b>	<b>1,080</b>	<b>1,922</b>	<b>-</b>	<b>338</b>	<b>3,340</b>
Increases	399	-	-	83	482
Decreases	-	-	-	-	-
Amortisation	(616)	(291)	-	-	(907)
Impairments (reinstatements)	-	-	-	-	-
Reclassifications	171	-	-	(171)	-
<b>Balance as at 31 December 2022</b>	<b>1,034</b>	<b>1,631</b>	<b>-</b>	<b>250</b>	<b>2,915</b>
Historical cost	7,155	7,028	-	250	14,433
Accumulated amortisation	(6,121)	(5,397)	-	-	(11,518)
<b>Balance as at 31 December 2022</b>	<b>1,034</b>	<b>1,631</b>	<b>-</b>	<b>250</b>	<b>2,915</b>

The increase in the item “Trademarks, Software and Patents and intellectual property rights” refers to investments in software made during the financial year.

The reclassifications relating to the item “Trademarks, Software and Patents and intellectual property rights” are mainly attributable to investments in software implemented during the financial year.

Fixed assets in progress mainly concern the management software being implemented.

## 6.3 Goodwill

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

(thousands of Euros)	as at 31 December 2021	Increases	Decreases	Impairment	as at 31 December 2022
Goodwill	44,575	-	-	-	44,575

The impairment test is carried out by comparing the value of goodwill and of the group of assets able to independently produce cash flows (CGU), to which this can be reasonably allocated, with the value in use of the CGU or the value recoverable through the sale of the CGU, whichever is the higher (fair value

net of sale costs). In detail, the value in use was determined by applying the “discounted cash flow” method discounting back the operating cash flows emerging from economic-financial projections relating to a period of five years. The 2023-2027 multi-annual plan, which was used for impairment tests, was previously approved by the Board of Directors of Servizi Italia S.p.A. The underlying hypotheses of the plan used reflect past experience and the information gathered at the time of purchase and are consistent with the external sources of information available.

The terminal value is determined by applying a perpetual growth factor of 2.00% to the operating cash flow relating to the last year of the plan appropriately normalised (IMF, October 2022). The discount rate used, equal to 7.86% (5.99% in the previous financial year), reflects the current valuations of the market with reference to the current value of money and the specific risks associated with the activities. The discount rate was estimated, after taxes, on a consistent basis with the cash flows being considered, through determination of the weighted average cost of capital (WACC).

A sensitivity analysis was carried out on the recoverability of the book value of goodwill based on changes in the main assumptions that were used to calculate the value in use, also in consideration of the prudent approach used to select the above financial parameters. The analysis has shown that, to make the recoverable value equal to the book value, the following would be necessary: (i) a growth rate of the terminal values of -0.82 percentage points or (ii) a 9.92% increase in the WACC or (iii) an 27.77% annual reduction of the reference EBIT, keeping the other assumptions of the plan unchanged. At this time, it is not reasonable to hypothesise any change in the assumptions made which could lead to the cancellation of the surplus.

With reference to 31 December 2022 and to the previous financial years, the impairment test did not reveal impairments in the goodwill recognised.

#### 6.4 Equity-accounted investments

Equity investments in subsidiaries underwent the following changes:

(thousands of Euros)	1 January 2022	Revaluations/(Write-downs)	Increases	Decreases	Change in translation reserve	31 December 2022
S. Martino 2000 S.c.r.l.	6	-	-	-	-	6
Steritek S.p.A.	3,841	447	615	-	-	4,903
SRI Empreendimentos e Participacoes Ltda	30,955	(304)	1,100	-	3,826	35,577
Ankateks Turizm Insaat Tekstil Temizleme Sanayi Ve	5,204	(688)	3,567	-	(1,546)	6,537
Wash Service S.r.l.	4,737	(214)	-	-	-	4,523
Ekolav S.r.l.	1,445	(41)	-	-	-	1,404
<b>Total</b>	<b>46,188</b>	<b>(800)</b>	<b>5,282</b>	<b>-</b>	<b>2,280</b>	<b>52,950</b>

The increases for the period relate for Euro 615 thousand to the reclassification of third-party reserves to Group reserves in relation to the acquisition of 25% of the shares of Steritek S.p.A., for Euro 1,100 thousand to the capital increase issued in favour of the Brazilian company SRI Empreendimentos e Participacoes Ltda, for Euro 1,872 thousand to the share capital increase issued in favor of the Turkish company Ankateks Turizm Insaat Tekstil Temizleme Sanayi Ve and for Euro 1,695 thousand to the change due to the high Turkish inflation of the IAS 29 reserves of the Ankara Group.

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

- SRI Empreendimentos e Participações Ltda: Euro 7,295 thousand;



- Ankateks Turizm İnşaat Tekstil Temizleme Sanayi ve Ticaret Ltd Şirketi: Euro 3,431 thousand;
- Steritek S.p.A.: Euro 2,121 thousand;
- Wash Service S.r.l.: 3,368 thousand;
- Ekolav S.r.l.: 935 thousand.

When considering that the equity method synthetically reflects the same effects of the consolidation process, the implicit goodwill contained in the book value of the equity investments in subsidiaries is thus equal to that posted in the consolidated financial statements of the Servizi Italia Group and, as such, is subject to the impairment test each year. In detail, the value in use is determined by applying the “discounted cash flow” method, discounting back the operating flows emerging from economic-financial projections relating to a period of five years. The underlying hypotheses of the plans used reflect past experience, and the information gathered at the time of purchase for the Italian, Brazilian and Turkish market and are consistent the external sources of information available. The Company has taken into consideration, with reference to the period in question, the expected performance resulting from the business plan set up for the 2023-2027 period.

The terminal value is determined by applying a perpetual growth factor of 2.00% for the Steritek, Wash Service and Ekolav CGUs, 3.03% (IMF, October 2022) for the Brazil CGU and 15.02% (IMF, October 2022) for the Turkey CGU to the operating cash flow relating to the last year of the plan appropriately standardised (these rates are essentially representative of the inflation rate expected in Italy, Brazil and Turkey to which the prices of services offered are indexed). The discount rate used to discount back the cash flows of the Steritek, Wash Service and Ekolav CGUs located in Italy is 7.86%, 11.91% for the Brazil CGU and 26.12% for the Turkey CGU. These rates reflect the current valuations of the market with reference to the current value of money and the specific risks associated with the activities. The discount rates have been estimated, after taxes, on a consistent basis with the cash flows considered, by means of the determination of the weighted average cost of the capital (WACC). A list of registered offices, share capital and percentage interest in subsidiaries and the total amount of current and non-current assets, current and non-current liabilities, revenue, costs and results at 31 December 2022 is provided below:

Company name	Registered office	Currency	Share capital	% equity investment 2022	% equity investment 2021
San Martino 2000 S.c.r.l.	Genoa	EUR	10	60.0%	60.0%
Steritek S.p.A.	Cremona	EUR	134	95.0%	70.0%
SRI Empreendimentos e Participacoes LTDA	São Paulo (Brazil)	BRL	217,758	100.0%	100.0%
Lavsím Higienização Têxtil S.A. (*)	São Roque, São Paulo (Brazil)	BRL	32,330	100.0%	100.0%
Maxlav Lavanderia Especializada S.A. (*)	Jaguariúna, State of São Paulo (Brazil)	BRL	2,825	100.0%	100.0%
Vida Lavanderias Especializada S.A. (*)	São Roque, São Paulo (Brazil)	BRL	3,600	100.0%	100.0%
Aqualav Serviços De Higienização Ltda (*)	Vila Idalina, Poá, State of São Paulo (Brazil)	BRL	15,400	100.0%	100.0%
Ankateks Turizm İnşaat Tekstil Temizleme Sanayi Ve	Ankara, Turkey	TRY	85,000	55.0%	55.0%
Ergülteks Temizlik Tekstil Ltd. Sti. (**)	Smyrna, Turkey	TRY	1,700	57.5%	57.5%
Ankateks Tur. Teks. Tem.Sanve TIC. A.s. – Olimpos Laundry Teks.Tem. Hizm. Ve Tur. San. Tic. LTD.Sti IS Ortakligi (**)	Antalya-Turkey	TRY	10	51.0%	-
Wash Service S.r.l.	Castellina di Soragna (Parma, Italy)	EUR	10	90%	90%
Ekolav S.r.l.	Lastra a Signa (Florence)	EUR	100	100%	100%

(\*) held through SRI Empreendimentos e Participações Ltda

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

(thousands of Euros)	Currency	Shareholders' equity	Non-current assets	Current assets	Non-current liabilities	Current liabilities	Revenues	Costs	Profit/(Loss)
San Martino 2000 S.c.r.l.	EUR	10	1,115	3,444	-	4,549	5,831	(5,831)	-
Steritek S.p.A.	EUR	2,928	295	3,788	490	665	3,655	(3,184)	471
SRI Empreendimentos e Participacoes LTDA	BRL	228,054	207,221	26,662	-	5,829	3,451	(2,393)	1,058
Lavsim Higienização Têxtil S.A.	BRL	44,477	73,460	18,263	24,054	23,192	68,323	(69,921)	(1,598)
Maxlav Lavanderia Especializada S.A.	BRL	7,115	31,794	18,199	21,901	20,976	57,133	(56,514)	619
Vida Lavanderias Especializada S.A.	BRL	3,976	5,577	3,807	3,676	1,732	14,305	(13,965)	340
Aqualav Serviços De Higienização Ltda	BRL	10,750	37,549	17,481	32,119	12,161	38,315	(40,123)	(1,808)
Ankateks Turizm Insaat Tekstil Temizleme Sanayi Ve	TRY	51,998	63,318	111,670	63,880	59,110	87,360	(121,688)	(34,328)
Ergülteks Temizlik Tekstil Ltd. Sti.	TRY	750	10,807	20,795	2,603	28,248	44,006	(41,925)	2,081
Wash Service S.r.l.	EUR	1,283	2,329	4,985	1,303	4,728	9,381	(9,619)	(238)
Ekolav S.r.l.	EUR	469	4,558	2,219	3,313	2,995	5,315	(5,356)	(41)
Ankateks Tur. Teks. Tem.Sanve TIC. A.s. – Olimpos Laundry Teks.Tem. Hizm. Ve Tur. San. Tic. LTD.Sti IS Ortakligi	TRY	932	-	3,085	-	2,153	10,698	(9,777)	922

### 6.5 Equity investments in associates, jointly-controlled companies and other companies

The breakdown of the item was as follows:

(thousands of Euros)	as at 31 December 2022	as at 31 December 2021
Equity investments in associates, jointly-controlled companies	25,507	25,507
Equity investments in other companies	3,110	3,302
<b>Total</b>	<b>28,617</b>	<b>28,809</b>

Following the outcome of the impairment test in relation to the carrying amount of the stake in the jointly-controlled company Shubhram Hospital Solutions Private Limited no negative value difference were noted with respect to the impairment indicators identified. The underlying hypotheses of the plan used in the impairment test reflect past experience and the information gathered at the time of purchase for the Indian market. The Company has taken into consideration, with reference to the period in question, the expected performance resulting from the business plan set up for the 2023-2027 period. The terminal value was determined by applying a perpetual growth factor of 4.00% to the operating cash flow relating to the last year of the plan appropriately normalised. The rate used to discount the cash flows is 12.67% and includes, on a prudent basis, an execution risk of 1.0%, to take into consideration the shifts recorded in the past between final and budget results. These rates reflect the current valuations of the market with reference to the current value of money and the specific risks associated with the activities. The discount rates have been estimated, after taxes, on a consistent basis with the cash flows considered, by means of the determination of the weighted average cost of the capital (WACC).

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

Equity investments in associates and jointly-controlled companies underwent the following changes:

(thousands of Euros)	1 January 2022	Increases	Impairments/ Decreases	31 December 2022
Finanza & Progetti S.p.A.	8,530	-	-	8,530
Brixia S.r.l.	3,002	-	-	3,002
Arezzo Servizi S.c.r.l.	5	-	-	5
PSIS S.r.l.	5,000	-	-	5,000
Steril Piemonte S.c.r.l.	2,000	-	-	2,000
AMG S.r.l.	2,033	-	-	2,033
Iniziative Produttive Piemontesi S.r.l.	1,360	-	-	1,360
Piemonte Servizi Sanitari S.c.r.l.	3	-	-	3
Saniservice Sh.p.k.	6	-	-	6
Servizi Sanitari Integrati Marocco S.a.r.l.	89	-	-	89
SAS Sterilizasyon Servisleri A.Ş.	1,827	-	-	1,827
Shubhram Hospital Solutions Private Limited	352	-	-	352
Sanitary Cleaning Sh.p.k.	1,300	-	-	1,300
<b>Total</b>	<b>25,507</b>	<b>-</b>	<b>-</b>	<b>25,507</b>

A list of registered offices, share capital and percentage interest in associates and jointly-controlled companies and the total amount of current and non-current assets, current and non-current liabilities, revenue, costs and results as at 31 December 2022 is provided below:

Company name	Registered office	Currency	Share capital	% equity investment 2022	% equity investment 2021
Arezzo Servizi S.c.r.l.	Arezzo - Italy	EUR	10	50%	50%
PSIS S.r.l.	Padua - Italy	EUR	10,000	50%	50%
Steril Piemonte S.c.r.l.	Turin - Italy	EUR	4,000	50%	50%
AMG S.r.l.	Busca (Cuneo) - Italy	EUR	100	50%	50%
Iniziative Produttive Piemontesi S.r.l.	Turin - Italy	EUR	2,500	37.63%	37.63%
Piemonte Servizi Sanitari S.c.r.l.	Turin - Italy	EUR	10	30% <sup>(*)</sup>	30% <sup>(*)</sup>
SAS Sterilizasyon Servisleri A.S.	Istanbul - Turkey	TRY	24,467	51%	51%
Shubhram Hospital Solutions Private Ltd.	New Delhi - India	INR	362,219	51%	51%
Finanza & Progetti S.p.A.	Vicenza - Italy	EUR	550	50%	50%
Brixia S.r.l.	Milan - Italy	EUR	10	23%	23%
Saniservice Sh.p.k.	Tirana - Albania	LEK	2,746	30%	30%
Sanitary cleaning Sh.p.k.	Tirana - Albania	LEK	2,799	40%	40%
Servizi Sanitari Integrati Marocco S.a.r.l.	Casablanca - Morocco	MAD	122	51%	51%

(thousands of Euros)	Currency	Shareholders' equity	Non-current assets	Current assets	Non-current liabilities	Current liabilities	Revenues	Costs	Profit/(Loss)
SAS Sterilizasyon Servisleri A.Ş.	TRY	29,850	40,704	19,123	-	29,977	65,124	(61,968)	3,156
Saniservice Sh.p.k.	LEK	234,744	1,339,631	422,623	-	1,527,510	1,505,809	(1,325,561)	180,248
Shubhram Hospital Solutions Private Limited	INR	(586,564)	819,996	151,306	293,774	1,264,092	332,358	(506,211)	(173,853)
Finanza & Progetti S.p.A.	EUR	35,096	157,878	31,356	2,224	151,914	62,881	(56,856)	6,025
Arezzo Servizi S.c.r.l.	EUR	10	477	1,339	-	1,806	2,604	(2,604)	-
PSIS S.r.l.	EUR	8,845	9,350	3,820	1,703	2,622	8,207	(7,473)	734
Steril Piemonte S.c.r.l.	EUR	3,972	1,636	2,399	-	63	648	(636)	12
AMG S.r.l.	EUR	2,652	1,874	2,704	678	1,248	4,441	(4,265)	176
Iniziative Produttive Piemontesi S.r.l.	EUR	2,015	617	5,589	840	3,351	6,087	(5,941)	146
Brixia S.r.l.	EUR	74	-	5,746	-	5,746	20,074	(20,061)	13
Servizi Sanitari Integrati Marocco S.a.r.l.	MAD	3,983	500	3,570	-	87	1,220	(38)	1,182

Piemonte Servizi Sanitari s.c.r.l.	EUR	10	750	2,067	158	2,649	1,566	(1,566)	-
Sanitary Cleaning Sh.p.k.	LEK	99,581	13,307	117,909	-	31,635	94,430	(87,352)	7,078

Equity investments in other companies underwent the following changes:

(thousands of Euros)	1 January 2022	Increases	Impairments/ Decreases	31 December 2022
Asolo Hospital Service S.p.A.	66	-	-	66
Prosa S.p.A.	462	-	-	462
PROG.ESTE S.p.A.	1,212	-	-	1,212
Progeni S.p.A.	76	-	-	76
Sesamo S.p.A.	353	-	-	353
Synchron Nuovo San Gerardo S.p.A.	344	-	-	344
Spv Arena Sanità	278	-	-	278
Futura S.r.l.	89	-	(80)	9
CNS – Consorzio Nazionale Servizi Soc. Coop. a r.l	63	-	-	63
Skopster Doo Skopje	288	-	(112)	176
Other	71	-	-	71
<b>Total</b>	<b>3,302</b>	<b>-</b>	<b>(192)</b>	<b>3,110</b>

The decreases recorded refer to the sale of 0.9% of the shares held in Futura S.r.l. and the reclassification under short-term financial receivables of the fair value of the shares sold in the next 12 months of the company Skopster Doo Skopje.

Equity investments in other companies relate to investments of a strategic and production nature, all of which are in fact held in relation to the management of contracts or licenses. These equity investments have been valued at purchase or founding cost, since there is no active market for these securities which, for the most part, cannot even be freely transferred to third parties given that they are subject to rules and agreements which in fact prevent free circulation. This valuation method is in any case believed to approximate the fair value of each investment.

The total values of the assets, liabilities, revenues and profit/loss, on the basis of the last set of available financial statements, of the main equity investments in other companies held by the Company are presented below, along with related equity investment held as at 31 December 2022:

(thousands of Euros)	Registered office	Assets	Liabilities	Revenues	Profit/ (Loss)	Interest of equity investment
Asolo Hospital Service S.p.A.	Asolo (Treviso)	84,269	72,969	39,848	3,434	1.00%
Prosa S.p.A.	Carpi (Modena)	7,581	1,977	1,567	765	13.20%
Progeni S.p.A.	Milan	234,837	230,101	45,933	585	0.76%
Sesamo S.p.A.	Carpi (Modena)	30,455	25,196	19,981	1,215	12.17%
Prog.este. S.p.A.	Carpi (Modena)	203,580	198,164	43,698	68	10.14%

## 6.6 Non-current financial receivables

The item in question changed as follows in 2022:

(thousands of Euros)	as at 31 December 2022	as at 31 December 2021
PSS S.r.l.	158	158
Prog.Este S.p.A.	531	531
Saniservice Sh.p.K.	-	769
Summano Sanità S.p.A.	2	2
Arena Sanità S.p.A.	244	244
IDS MED Servizi Pte	-	386
Synchron S.p.A.	169	169

Shubhram Hospital Solutions Private Limited	1,780	367
Finanza e Progetti S.p.A.	2,620	1,120
Ankateks Turizm Insaat Tekstil Temizleme Sanayi Ve	3,005	-
<b>Total</b>	<b>8,509</b>	<b>3,746</b>

Financial receivables refer to the interest-bearing loans granted to the companies Prog.Este. S.p.A. (rate equal to 7.46%), Summano Sanità S.p.A. (rate equal to 6.50%), Arena Sanità S.p.A. (rate 3.7% plus 6-month Euribor) and Synchron S.p.A. (rate 8%) and Finanza e Progetti S.p.A. (rate 9.0%), with a term equal to the global service agreements for which the companies were established (expiring on 31 December 2031, 30 June 2031, 20 August 2032, 31 July 2044 and 31 December 2032 respectively), as well as the loans granted to the investee company Piemonte Servizi Sanitari S.c.r.l. The increase of Euro 4,763 thousand mainly relates to the subscription of equity instruments with the company Shubhram Hospital Solutions Private Limited for Euro 1,413 thousand and the disbursement of a shareholder loan to the subsidiary Ankateks Turizm Insaat Tekstil Temizleme Sanayi Ve for Euro 3,005 as well as the increase in the shareholder loan in favour of Finanza e Progetti S.p.A. for Euro 1,500 thousand. It should also be noted that in 2022, by virtue of the agreements entered into between the parties, the right to sell to Servizi Italia S.p.A. 5% of the shares held in the company IDSMED Servizi Pte was exercised in advance, and they were sold for a consideration of Euro 430 thousand.

### 6.7 Deferred tax assets

This item changed as follows:

(thousands of Euros)	Leasing contracts	Property, plant and equipment	Employee benefits	Previous tax losses/"ACE" corporate income tax deduction	Other costs with deferred deductibility	Total
<b>Deferred taxes as at 1 January 2021</b>	<b>225</b>	<b>618</b>	<b>221</b>	<b>5,160</b>	<b>886</b>	<b>7,110</b>
Changes recognised in the income statement	77	(54)	(65)	345	33	336
Changes recognised in other comprehensive income	-	-	(2)	-	-	(2)
<b>Deferred taxes as at 31 December 2021</b>	<b>302</b>	<b>564</b>	<b>154</b>	<b>5,505</b>	<b>919</b>	<b>7,444</b>
Changes recognised in the income statement	46	(13)	(34)	1,815	363	2,177
Changes recognised in other comprehensive income	-	-	(120)	-	-	(120)
<b>Deferred taxes as at 31 December 2022</b>	<b>348</b>	<b>551</b>	<b>-</b>	<b>7,320</b>	<b>1,282</b>	<b>9,501</b>

Deferred tax assets referring to property, plant and equipment represent the deferred taxation related to the ordinary process of depreciation of the linen. Deferred taxes assets on tax losses derive from the tax loss for the year and previous tax losses and the surpluses of the "ACE" subsidy not reabsorbed into taxable income, which are recoverable through the taxable income envisaged for future financial years.

### 6.8 Other non-current assets

The item is broken down as follows:

(thousands of Euros)	as at 31 December 2022	as at 31 December 2021
Substitute tax Italian D.L. 185/2008 subsequent years	1,219	1,931
<b>Total</b>	<b>1,219</b>	<b>1,931</b>

The decrease in the item regards releases to the income statement for goodwill released pursuant to

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

### 6.9 Inventories

Inventories at year-end primarily included disposable washing products, chemical products, packaging, spare parts and consumables. As at 31 December 2022, the inventory write-down provision amounted to Euro 99 thousand in order to adjust the cost value recorded to the presumed realizable value.

### 6.10 Trade receivables

The item is broken down as follows:

<i>(thousands of Euros)</i>	as at 31 December 2022	as at 31 December 2021
Due from third parties	44,981	44,750
Due from subsidiaries	5,271	4,601
Due from associates and jointly-controlled companies	5,857	5,257
Due from parent company	112	75
Receivables from companies under the control of the parent companies	730	512
<b>Total</b>	<b>56,951</b>	<b>55,195</b>

Trade receivables are shown net of bad debt provisions, equal to Euro 5,351 thousand as at 31 December 2022 and Euro 5,692 thousand as at 31 December 2021.

#### *Trade receivables due from third parties*

The item is broken down as follows:

<i>(thousands of Euros)</i>	as at 31 December 2022	as at 31 December 2021
Due from customers	50,332	50,442
Bad debt provision	(5,351)	(5,692)
<b>Total</b>	<b>44,981</b>	<b>44,750</b>

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

- trade receivables were assigned without recourse to Credem Factor S.p.A. for a total of Euro 17,345 thousand, in exchange for a consideration equal to Euro 17,267 thousand;
- trade receivables were assigned without recourse to Unicredit Factoring S.p.A. for a total of Euro 34,919 thousand, in exchange for a consideration equal to Euro 34,769 thousand.
- trade receivables were assigned without recourse to Ifitalia S.p.A. for a total of Euro 24,473 thousand, in exchange for a consideration equal to Euro 24,405 thousand;
- trade receivables were assigned without recourse to Emilia Romagna Factor S.p.A. for a total of Euro 20,156 thousand, in exchange for a consideration equal to Euro 20,103 thousand.

Bad debt provisions in 2022 and in 2021 changed as follows:

<i>(thousands of Euros)</i>	
<b>Balance as at 1 January 2021</b>	<b>5,645</b>
Utilisations	(137)
Adjustments	(14)
Provisions	198

<b>Balance as at 31 December 2021</b>	<b>5,692</b>
Utilisations	(602)
Adjustments	(25)
Provisions	286
<b>Balance as at 31 December 2022</b>	<b>5,351</b>

Please note that uses refer primarily to default interest previously written down and collected during the 2022 financial year.

#### *Trade receivables due from subsidiaries*

Trade receivables as at 31 December 2022 equal to Euro 5,271 thousand mainly included trade receivables from subsidiaries San Martino 2000 S.c.r.l. for Euro 3,855 thousand, SRI Empreendimentos e Participacoes LTDA for Euro 1,087 thousand, Ekolav S.r.l. for Euro 184 thousand and Ankateks Turizm Insaat Tekstil Temislene Sanayi Ve for Euro 85 thousand, Wash Services S.r.l. for Euro 40 thousand and Steritek S.p.A. for Euro 20 thousand.

#### *Trade receivables due from associates, jointly-controlled companies and the parent company*

The balance as at 31 December 2022 of trade receivables due from associates and jointly-controlled companies, equal to Euro 5,875 thousand, consists of trade receivables mainly from the companies Ospedal Grando S.p.A. for Euro 3,804 thousand and Saniservice Sh.p.k. for Euro 1,328 thousand.

Furthermore, there is a credit balance due from the parent company Coopservice Soc.Coop. p.A. for Euro 112 thousand and a balance of Euro 730 thousand from companies under the control of parent companies.

### **6.11 Current tax receivables**

The item is broken down as follows:

<i>(thousands of Euros)</i>	as at 31 December 2022	as at 31 December 2021
Current tax receivables	1,912	1,763
<b>Total</b>	<b>1,912</b>	<b>1,763</b>

This item, at 31 December 2022, mainly includes the IRES credit surplus.

### **6.12 Current financial receivables**

The item in question changed as follows in 2022:

<i>(thousands of Euros)</i>	as at 31 December 2022	as at 31 December 2021
Asolo Hospital Service S.p.A.	264	253
P.S.I.S. S.r.l.	5	529
Ekolav S.r.l.	1,140	1,130
Arezzo Servizi S.c.r.l.	484	402
Iniziative Produttive Piemontesi S.r.l.	53	53
Gesteam S.r.l.	326	312
Skopster DOO Skopje	112	202
Saniservice Sh.p.k.	3,918	3,372
Ankateks Turizm Insaat Tekstil Temizleme Sanayi Ve	255	268
Coopservice Soc. Coop.	-	481
Finanza e Progetti S.p.A.	234	-
Shubhram Hospital Solutions Private Limited	107	-
Other	427	428
<b>Total</b>	<b>7,325</b>	<b>7,430</b>



Financial receivables mainly relate to loans granted to the companies indicated above, which are due within the financial year or repayable on demand.

### 6.13 Other current assets

The item is broken down as follows:

(thousands of Euros)	as at 31 December 2022	as at 31 December 2021
Receivables from others	6,972	5,426
Deferred income	1,419	1,248
Guarantee deposits receivable	184	189
<b>Total</b>	<b>8,575</b>	<b>6,863</b>

Guarantee deposits receivable essentially relate to utilities and rentals. The item Due from others mainly includes the amounts receivable from INPS for the tax bonus, under Italian Decree Law 66/2014 for Euro 74 thousand and VAT receivables for Euro 4,682 thousand. The remaining balance of amounts Due from others is made up of advances and amounts due from social security and welfare institutions and sundry, all due within 12 months.

### 6.14 Cash and cash equivalents

The item is broken down as follows:

(thousands of Euros)	as at 31 December 2022	as at 31 December 2021
Bank and postal deposits	15,408	750
Cheques	-	-
Cash in hand	22	16
<b>Total</b>	<b>15,430</b>	<b>766</b>

Cash and cash equivalents increased by Euro 14,664 thousand due to the taking out, with SACE guarantee, of the loan agreement entered into with Banca Monte dei Paschi di Siena S.p.A. in the last days of 2022. This liquidity was mainly used in January 2023 to support the Company's operating activities.

### 6.15 Shareholders' equity

#### Share Capital and reserves

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

In 2022, the Company purchased 376,943 treasury shares for Euro 613 thousand, equal to 1.93% of the share capital, with an average purchase price of Euro 1.63 per share. Following these transactions, the Company held 2,377,351 treasury shares equal to 7.47% of the share capital as at 31 December 2022. Their nominal amount as at 31 December 2022, of Euro 6,007 thousand, was classified as a decrease to share capital for their nominal value, equal to Euro 2,377 thousand, and the value exceeding the nominal amount, totalling Euro 3,630 thousand, was recognised as a reduction in the share premium reserve.

There was also a positive effect, referred to the financial year, for Euro 2,280 thousand, on the translation reserves for the assets of subsidiaries consolidated with the equity method that prepare their financial statements in foreign currency. The effect is the result of the revaluation of the Brazilian Real (for Euro 3,826 thousand) and the devaluation of the Turkish Lira (for Euro 1,546 thousand). In

2022, the effect related to high inflation in Turkey following the adoption of IAS 29 was also recorded for Euro 1,695 thousand.

Other reserves increased due to the allocation of the 2021 profit of the Company as per the resolution of the shareholders' meeting held on 20 April 2022.

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

<i>(thousands of Euros)</i>	Amount	Available for use <sup>(1)</sup>	Available portion	Distributable portion
Share capital	29,432	-	-	-
Share premium reserve	49,439	A, B, C	49,439	49,439
Legal reserve	6,618	B	6,618	732
Other reserves	39,213	A, B, C	39,213	38,046
<b>Total share capital and reserves</b>	<b>124,702</b>		<b>95,270</b>	<b>88,217</b>
Profit (loss) for the year	1,739			
<b>Total Shareholders' Equity</b>	<b>126,441</b>			

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

Other reserves include Retained earnings for Euro 72,434 thousand and the negative reserve for the conversion of the financial statements in foreign currency of the subsidiaries measured with the equity method for Euro 33,221 thousand. Retained earnings include the reserve for equity-accounted investments for Euro 4,431 thousand. Pursuant Art. 2426, Par. 1(4), Italian Civil Code, these cannot be distributed until the realisation. This reserve refers for Euro 1,637 thousand to the reinstatement of the equity investment in Ankateks Turizm Insaat Tekstil Temizleme Sanayi Ve, fully offset by the negative value of the translation reserve (Euro 15,745 thousand), in SRI Empreendimentos e Participacoes LTDA for Euro 1,627 fully offset by the negative value of the conversion reserve (Euro 17,476 thousand), for Euro 8 thousand to the revaluation of the equity investment in Steritek S.p.A., for Euro 824 thousand to the revaluation of the equity investment in Ekolav S.r.l., for Euro 11 thousand to the revaluation of the equity investment in Wash Service S.r.l. and for Euro 324 thousand to the revaluation of the equity investment in Skopster Doo Skopje.

It should be noted that the decrease in the reserve for valuation of equity investments using the equity method of Euro 728 thousand refers to the equity investment in Steritek S.p.A. and derives from the adjustment of the company's reserves following the exercise of the option in relation to 25% of the share capital of the company.

### 6.16 Due to banks and other lenders

The item is broken down as follows:

(thousands of Euros)	as at 31 December 2022			as at 31 December 2021		
	Current	Non-current	Total	Current	Non-current	Total
Due to banks	73,109	34,734	107,843	64,323	30,425	94,748
Due to other lenders	2,809	23,332	26,141	2,686	24,085	26,771
<b>Total</b>	<b>75,918</b>	<b>58,066</b>	<b>133,984</b>	<b>67,009</b>	<b>54,510</b>	<b>121,519</b>

#### Due to banks

The portion of the payable falling due within 12 months relating to the item Due to banks as at 31 December 2022 presents an increase with respect to 31 December 2021 of Euro 8,786 thousand. This increase was primarily caused by greater recourse to self-liquidating credit lines and to the reclassification of current mortgage instalments.

The portion of the payable falling due beyond 12 months related to the item Due to banks as at 31 December 2022 increased with respect to 31 December 2021 by Euro 4,309 thousand. This increase is related to the reclassification to short-term of the loan instalments due within the subsequent 12 months and to the stipulation of new unsecured loans with Unicredit S.p.A. for Euro 15,000 thousand (residual borrowing due after 12 months equal to Euro 8,750 thousand) and Banca Monte dei Paschi di Siena S.p.A. for Euro 15,000 thousand (residual borrowing due after 12 months equal to Euro 15,000 thousand), aimed at maintaining a proper balance between short and medium-term debt.

#### Financial covenants

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

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

Note that the Net Financial Position (NFP) and EBITDA envisaged by the loan agreements represent alternative performance indicators not defined by the reference accounting standards and may therefore differ from the similar figures defined by management of Servizi Italia and reported in the financial disclosures. As at 31 December 2022, all covenants had been met.

Due to banks are shown below by maturity:

(thousands of Euros)	as at 31 December 2022	as at 31 December 2021
Maturity less than or equal to 6 months	61,350	49,745
Maturity between 6 and 12 months	11,759	14,578
Maturity between 1 and 5 years	31,921	30,425
More than 5 years	2,813	-
<b>Total</b>	<b>107,843</b>	<b>94,748</b>

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

(thousands of Euros)	as at 31 December 2022	as at 31 December 2021
1 to 2 years	16,291	19,441
Maturity between 2 and 5 years	15,631	10,984
More than 5 years	2,813	-
<b>Total</b>	<b>34,734</b>	<b>30,425</b>

The average effective interest rates as at 31 December 2022 were as follows:

	as at 31 December 2022	as at 31 December 2021
Advances on invoices	0.89%	0.36%
Bank loan	1.14%	0.69%

### Due to other lenders

Due to other lenders are broken down by maturity below:

(thousands of Euros)	as at 31 December 2022	as at 31 December 2021
Maturity less than or equal to 6 months	1,903	1,832
Maturity between 6 and 12 months	906	852
Maturity between 1 and 5 years	10,454	9,517
More than 5 years	12,878	14,568
<b>Total</b>	<b>26,141</b>	<b>26,769</b>

### 6.17 Deferred tax liabilities

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

(thousands of Euros)	Property, plant and equipment	Goodwill	Equity investments	Total
<b>Deferred tax liabilities as at 1 January 2021</b>	<b>290</b>	<b>1,647</b>	<b>89</b>	<b>2,026</b>
Changes recognised in the income statement	(264)	38	(78)	(304)
Changes recognised in other comprehensive income	-	-	-	-
<b>Deferred tax liabilities as at 31 December 2021</b>	<b>26</b>	<b>1,685</b>	<b>11</b>	<b>1,722</b>
Changes recognised in the income statement	1	38	(8)	31
Changes recognised in other comprehensive income	-	-	-	-
<b>Deferred tax liabilities as at 31 December 2022</b>	<b>27</b>	<b>1,723</b>	<b>3</b>	<b>1,753</b>

### 6.18 Employee benefits

This item changed as follows:

(thousands of Euros)	2022	2021
<b>Opening balance</b>	<b>7,644</b>	<b>8,383</b>
Incorporations	-	-
Provision	213	150
Financial expenses	31	(2)
Actuarial (gains)/losses	(500)	(9)
Transfers (to)/from other provisions	-	(6)
(Payments)	(925)	(872)
Reclassifications	-	-
<b>Closing balance</b>	<b>6,463</b>	<b>7,644</b>

The item mainly includes the Provision for Employee Severance Indemnity recognised to the employees of the Company and identified as a defined benefit plan. As at 31 December 2022, there were no reclassifications of Employee benefits recognized under current liabilities.

### Financial hypotheses adopted

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

	2022	2021
Technical annual discounting back rate	3.63%	0.44%
Annual inflation rate	5.9% for 2023, 2.3% for 2024, 2.0% from 2025	
Annual growth rate of the employee severance indemnity	5.9% for 2023, 3.2% for 2024, 3.0% from 2025	
	2.40%	

With regard to the discount rate, the iBoxx Eurozone Corporates AA 7 - 10 index as of the valuation date was taken as reference for the valuation of this parameter. For the choice of the annual inflation rate, reference was made to the Update Note to the 2022 DEF (NADEF 2022) published on 4 November 2022, which shows the value of the consumption deflator for the years 2023, 2024 and 2025 equal respectively to 5.9%, 2.3% and 2.0%. On the basis of what has been indicated above and of the current inflationary trend, it was deemed appropriate to use the indicated rates and, starting from 2026, a constant rate of 2.0%.

### Demographic hypotheses adopted

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

Further to the supplementary welfare reform as per Italian Legislative Decree no. 252 dated 5 December 2005, for employees who have decided to allocate the employee severance indemnity as from 1 January 2007 to the INPS Treasury Fund, the advances as per Article 2120 of the Italian Civil Code are calculated on the entire value of the employee severance indemnity provision accrued by the worker. These advances are disbursed by the employer within the limits of the capacity of the amounts accrued by virtue of the provisions made up until 31 December 2006. If the amount of the advance is not covered by the amount accrued care of the employer, the difference is disbursed by the Treasury Fund set up care of INPS.

With regard to the matters set forth above, solely for employees who have complied with the Treasury Fund and who have not requested advances on the employee severance indemnity, corrections have been made in the actuarial valuations increasing the requested percentage to be applied to the Fund accrued as at 31 December 2006 and revalued until the calculation date.

## Sensitivity analysis

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

(thousands of Euros)	Discount rate		Inflation rate		Duration	
	+0.50%	-0.50%	+0.25%	-0.25%	+1 year	-1 year
Change in liabilities	(174)	+183	+103	(101)	(49)	+39

### 6.19 Provisions for risks and charges

The following changes were reported for the item in question:

(thousands of Euros)	as at 31 December 2022	as at 31 December 2021
Opening balance	2,285	2,502
Provisions	2,471	1,444
Payments/resolutions	(1,424)	(1,661)
Other changes	-	-
Closing balance	3,332	2,285

The provision for risks went from Euro 2,285 thousand as at 31 December 2021 to Euro 3,332 thousand as at 31 December 2022. Provisions were made for Euro 2,471 thousand, of which Euro 2,342 thousand related to the estimates pertaining to the medical devices Payback measure. The provision derives from the best estimate available to date in relation to the actions promoted by the Company in the current appeal with respect to what has been requested for the period 2015-2018 and also considering the 2019-2022 time frame. As extensively argued in the paragraph “Information on ongoing proceedings”, the Company has launched an appeal with regard to the Payback requests relief put forward to date by the Regions, in the appropriate courts.

The uses for the year in part concern the partial reversal of the provision for onerous contracts (as at 31 December 2022 equal to Euro 395 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 625 thousand, is aimed at offsetting the negative operating margins for the period estimated when preparing the consolidated financial statements as at 31 December 2022, in order to neutralize the impact on the Group's profitability. The remaining part of the uses for the year is attributable to the use of the provision allocated for the restructuring project with regard to the Ariccia plant, amounting to Euro 754 thousand.

In addition to the above, it should be noted that, with regard to what has already been indicated in the paragraph “Information on ongoing proceedings”, having carried out the appropriate assessments with the support of its legal consultants, the Company has decided not to make any further provisions in the financial statements for the cases in question.

### 6.20 Other non-current financial liabilities

As at 31 December 2022, there were no non-current financial liabilities.

### 6.21 Trade payables

The item is broken down as follows:

(thousands of Euros)	as at 31 December 2022	as at 31 December 2021
Due to suppliers	70,184	62,615
Due to subsidiaries	3,209	3,005
Due to associates and jointly-controlled companies	1,974	1,843
Due to parent company	5,161	4,697
Due to companies under the control of the parent companies	-	208
<b>Total</b>	<b>80,528</b>	<b>72,368</b>

#### Due to suppliers

The balance as at 31 December 2022 refers entirely to trade payables due within 12 months. The increase is mainly due to more favourable payment extensions agreed with suppliers in 2022.

#### Due to subsidiaries

The balance as at 31 December 2022 includes trade payables due within 12 months to the subsidiaries San Martino 2000 S.c.r.l. for Euro 1,473 thousand, Ekolav S.r.l. for Euro 988, Steritek S.p.A. for Euro 540 thousand and Wash Services S.r.l. for Euro 208 thousand.

#### Due to associates and jointly-controlled companies

The balance as at 31 December 2022 is composed mainly of trade payables due to the companies AMG S.r.l. for Euro 450 thousand, Arezzo Servizi S.c.r.l. for Euro 565 thousand and Piemonte Servizi Sanitari S.c.r.l. for Euro 541 thousand and Iniziative Produttive Piemontesi S.r.l. for Euro 177 thousand.

#### Due to parent company

Trade payables due to the parent company Coopservice S.Coop.p.A. amount to Euro 5,161 thousand.

### 6.22 Current tax payables

(thousands of Euros)	as at 31 December 2022	as at 31 December 2021
Current tax payables	-	195
<b>Total</b>	<b>-</b>	<b>195</b>

### 6.23 Other current financial liabilities

The item is broken down as follows:

(thousands of Euros)	as at 31 December 2022	as at 31 December 2021
Payables to Area S.r.l.	-	200
Payables to Wash Service S.r.l. shareholders	-	399
<b>Total</b>	<b>-</b>	<b>599</b>

The change in the item is related to the payment of the last price tranche of Euro 399 thousand for 90% of the share capital of Wash Service S.r.l. purchased in 2019, and for Euro 200 thousand for the last tranche paid to Area S.r.l. for the purchase of shares of the company Brixia S.r.l.



### 6.24 Other current payables

The table below provides a breakdown of other current liabilities:

(thousands of Euros)	as at 31 December 2022	as at 31 December 2021
Deferred income and accrued expenses	598	162
Payables due to social security and welfare institutions	3,836	4,551
Other payables	12,331	11,297
<b>Total</b>	<b>16,765</b>	<b>16,010</b>

#### Payables due to social security and welfare institutions

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

#### Other payables

The item is broken down as follows:

(thousands of Euros)	as at 31 December 2022	as at 31 December 2021
Due to employees	9,492	8,489
Employee/professional IRPEF (personal income tax) payable	2,646	2,547
Other payables	193	261
<b>Total</b>	<b>12,331</b>	<b>11,297</b>

### 6.25 Financial guarantee contracts

The table below provides the details of the guarantees given by the Company as at 31 December 2022 and 31 December 2021:

(thousands of Euros)	as at 31 December 2022	as at 31 December 2021
Guarantees issued by banks and insurance companies for tenders	73,581	73,312
Guarantees issued by banks and insurance companies for lease agreements and utilities	159	159
Guarantees issued by banks and insurance companies in favour of third parties	63,681	48,588
Owned assets held by third parties	149	183
Pledge on Asolo Hospital Service S.p.A. shares given as loan guarantee	66	66
Pledge on Sesamo S.p.A. shares given as loan guarantee	237	237
Pledge on Prog.Este S.p.A. shares given as loan guarantee	1,212	1,212
Pledge on Progeni S.p.A. shares given as loan guarantee	76	76
Pledge on Futura S.r.l. stake given as loan guarantee	89	89
Pledge on shares of Synchron Nuovo S.Gerardo	344	344
Pledge on Summano Sanità shares given as loan guarantee	10	10
<b>Total</b>	<b>139,604</b>	<b>124,276</b>

The guarantees issued and the other commitments refer to:

- Guarantees issued by banks and insurance companies for tenders: these were issued on behalf of the company in favour of customers or potential customers for participation in tenders, to guarantee the correct execution of the service.
- Guarantees issued by banks and insurance companies for lease agreements and utilities: these were issued on behalf of the company to guarantee the payment of lease instalments and invoices for the supply of electricity and gas.
- Guarantees issued by banks and insurance companies in favour of third parties: these are guarantees issued to back the payment of the company's portion of the project financing and

guarantees issued in favour of PSIS S.r.l., I.P.P. S.r.l., Ekolav S.r.l., Saniservice Sh.p.k. and Shubhram Hospital Solutions Private Limited to back loan agreements.

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

## 7 Income statement

### 7.1 Revenues from sales

The revenue from sales and services of Servizi Italia S.p.A. is shown below, divided by business line, as at 31 December 2022 and 31 December 2021, showed the following data and changes:

(thousands of Euros)	Year ended as at 31 December	
	2022	2021
Wash-hire	159,105	153,228
Steril B (Linen Sterilisation)	16,161	18,222
Steril C (Surgical Instruments Sterilisation)	44,685	40,305
<b>Sales revenues</b>	<b>219,951</b>	<b>211,755</b>



Revenues from wash-hire services (which in absolute terms represent 72.3% of total revenues) go from Euro 153,228 thousand in 2021 to Euro 159,105 thousand in 2022. The growth in revenues compared to the previous financial year, which stood at 3.8%, is mainly related to the increase in turnover recorded in tenders in the north-east of Italy, as well as the full recovery of the hotel business, which in the first part of the half-year 2021 was essentially irrelevant due to Covid.

Revenues from linen sterilization services (steril B) (which in absolute terms represent 7.3% of total revenues) recorded a decrease of 11.3%, from Euro 18,222 thousand in 2021 to Euro 16,161 thousand in 2022; the negative change compared to the previous year is attributable to the allocation related to the requests for the settlement of the *payback* on medical devices for Euro 2,342 thousand (for which reference is made to the paragraph Provision for risks and charges), only partially offset by the increase linked to the higher supplies of disposable in central Italy. The organic change in the operating segment excluding the impact of the above *payback* shows growth of 1.5% in 2022.

Revenues from surgical instrument sterilization services (steril C) (which in absolute terms represent 20.3% of total revenues) rose from Euro 40,305 thousand in 2021 to Euro 44,685 thousand in 2022, recording a double-digit growth of 10.9%. The increase is mainly due to new orders in the north-eastern Italy area and, in general, to the recovery of the operating activities recorded in 2022 compared to the 2021 financial year.

## 7.2 Other income

Other income went from Euro 9,143 thousand as at 31 December 2021 to Euro 9,912 thousand as at 31 December 2022, as indicated below:

(thousands of Euros)	Year ended as at 31 December	
	2022	2021
Rental income	550	378
Capital gains from asset sale	1,426	2,486
Recovery costs pertaining to third parties	1,292	1,283
ATI income	1,662	1,789
Contingent assets	142	521
Recovered costs and sundry income	2,459	2,666
Operating grants	2,381	20
<b>Sales revenues</b>	<b>9,912</b>	<b>9,143</b>

The item recorded an increase deriving mainly from the item Operating grants recognized as a result of the use of the electricity and gas tax credit of Euro 2,323 thousand.

It should be noted that the item “Capital gains from the sale of assets” decreased, as the realized capital gain of Euro 1,527 thousand deriving from the sale of the workwear business unit on 26 February 2021 was recognised in 2021.

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

## 7.3 Raw materials and consumables

The consumption of raw materials, equal to Euro 23,101 thousand, show an increase compared to the previous financial year (Euro 22,458 thousand in 2021), mainly as a result of the higher costs incurred for consumables and fuels, which were negatively affected by the current increasing price dynamics. Consumption mainly refers to the purchase of washing products, chemicals, packaging, spare parts, as well as disposables and PPE products.

## 7.4 Costs for services

The item is broken down as follows:

(thousands of Euros)	Year ended as at 31 December	
	2022	2021
External laundering and other industrial services	30,002	27,917
Travel and transport	12,653	12,516
Utilities	18,504	11,561
Administrative costs	2,198	2,282
Consortium and sales costs	9,354	9,793
Personnel expense	1,439	1,087
Maintenance	7,163	6,930
Use of third-party assets	2,512	2,546
Other services	804	821
<b>Total</b>	<b>84,629</b>	<b>75,453</b>

The item Costs for services recorded an increase of 12.2% compared to the previous financial year, equal to Euro 9,176 thousand, from Euro 75,453 thousand in 2021 to Euro 84,629 thousand in 2022. The increase is also seen in terms of incidence on revenues, which went from 35.6% in 2021 to 38.5% in 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 2,085 thousand compared to the previous financial year, 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.

There was an increase of Euro 137 thousand in costs for travel and transport, mainly linked to higher transport costs incurred in the hotel sector, essentially irrelevant in the first part of 2021 due to Covid. The costs relating to Utilities show an increase equal to Euro 6,943 thousand compared to the same period of the previous financial year or a growth of 3.0% 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.

Consortium and commercial costs recorded a decrease of Euro 439 thousand compared to the previous financial year, mainly attributable to the termination of some contracts with which the Company participated in on the basis of a temporary business association.

The item Administrative costs recorded a decrease of Euro 84 thousand, mainly due to the lower costs recorded during the financial year following legal consultancy for administrative appeals and disputes. Please note that Costs for the use of third-party assets recognised as at 31 December 2022 and not subject to application of IFRS 16 predominantly regard rentals of pressure-relieving mattresses, royalties and software licences, electronic machinery and rentals of other assets with duration of less than 12 months, or low value assets.

## 7.5 Personnel expense

The item is broken down as follows:

<i>(thousands of Euros)</i>	Year ended as at 31 December	
	2022	2021
Costs for directors' fees	637	612
Salaries and wages	48,496	48,221
Temporary work	2,981	2,577
Social security charges	15,929	15,691
Employee severance indemnity	3,392	3,255
Other costs	242	224
<b>Total</b>	<b>71,677</b>	<b>70,580</b>

The item Personnel expense went from Euro 70,580 thousand in 2021 to Euro 71,677 thousand in 2022, therefore recording an increase of Euro 1,097 thousand, attributable to the increase in volumes handled and the consequent increase in the number of employees and temporary workers, the latter mainly attributable to the hotel sector and to the entry into force of tenders in north-east Italy that started during the previous financial year.

The table below shows the average composition of workforce:

	Average number of employees	
	2022	2021
Executives	12	12
Middle Managers	27	28
White-collar staff	172	170
Blue-collar staff	1,715	1,697
<b>Total</b>	<b>1,926</b>	<b>1,907</b>

### 7.6 Other costs

The item is broken down as follows:

(thousands of Euros)	Year ended as at 31 December	
	2022	2021
Tax-related expense	148	155
Contingent liabilities/(assets)	(44)	34
Membership fees	162	156
Gifts to customers and employees	123	131
Other	1,021	505
<b>Total</b>	<b>1,410</b>	<b>981</b>

The item Other costs increased by Euro 429 thousand compared to the previous financial year, mainly as a result of higher capital losses realized during the financial year.

### 7.7 Depreciation/amortisation, impairment and provisions

The item is broken down as follows:

(thousands of Euros)	Year ended as at 31 December	
	2022	2021
Amortisation of intangible assets	907	1,152
Depreciation of property, plant and equipment	44,912	43,341
Impairment and provisions	(175)	183
Provision for risks	-	285
<b>Total</b>	<b>45,644</b>	<b>44,961</b>

The item Depreciation/amortisation, impairment and provisions recorded an increase compared to the same period of the previous year of Euro 683 thousand, from Euro 44,961 thousand as at 31 December 2021 to Euro 45,644 thousand as at 31 December 2022. It should be noted that the effect is mainly attributable to the increase in depreciation of property, plant and equipment for Euro 1,571 thousand following the investments made. It should be noted that the item "Impairment and provisions" includes the release of the provision for the write-down of interest on arrears collected during the financial year and previously written down for Euro 496 thousand.

### 7.8 Financial income

The item is broken down as follows:

(thousands of Euros)	Year ended as at 31 December	
	2022	2021
Bank interest income	-	-
Default interest	65	166
Interest income on loans to third-party companies	747	477
Net exchange rate earnings	-	-
Other financial income	106	90
<b>Total</b>	<b>918</b>	<b>733</b>

Default interest accrues as a result of the delays in payment by some private customers. The decrease in default interest compared to 2021 is mainly due to the improvement in the average days of collection of trade receivables. Interest income on loans to third companies was basically in line with the financial receivables against which it accrues.

### 7.9 Financial expenses

The item is broken down as follows:

(thousands of Euros)	Year ended as at 31 December	
	2022	2021
Interest expense and bank fees	1,209	687
Interest expense for leasing	1,399	1,539
Interest and expense to other lenders	355	162
Financial expense on employee benefits	31	-
Net exchange rate losses	437	224
Other financial expenses	64	92
<b>Total</b>	<b>3,495</b>	<b>2,704</b>

The item Financial expenses goes from Euro 2,704 thousand to Euro 3,495 thousand and records a decrease of Euro 791 thousand. The increase is mainly attributable to the growth in interest expense and bank commissions following the signing of the new loan agreements in 2022.

Losses on exchange rates mainly regard the currency adjustment on the loan to Ankateks Turizm inşaat Tekstil Temizleme Sanayi ve Ticaret Ltd Şirketi, expressed in Turkish Lira.

### 7.10 Income and expense from equity investments

The item includes dividends collected in 2022 from associates and other companies for Euro 346 thousand. More specifically, Euro 96 thousand was collected from Prosa S.p.A., Euro 109 thousand from Sesamo S.p.A.,

Euro 91 thousand from the jointly-controlled company AMG S.r.l., Euro 19 thousand from Futura S.r.l., Euro 11 thousand from Arena Sanità S.p.A., Euro 16 thousand from Asolo Hospital Service S.p.A. and Euro 4 thousand from other companies.

The item also includes the capital gain of Euro 110 thousand realized for the sale of 0.9% of the shares of the company Futura S.r.l. in 2022.



### 7.11 Income taxes

The item is broken down as follows:

(thousands of Euros)	Year ended as at 31 December	
	2022	2021
Current taxes	888	1,088
Deferred tax liabilities/(assets)	(2146)	(640)
<b>Total</b>	<b>(1,258)</b>	<b>448</b>

The incidence of taxes on the profit before tax is reconciled with the theoretical rate in the table below:

(thousands of Euros)	Year ended as at 31 December	
	2022	2021
<b>IRES (company earnings tax) reconciliation</b>		
Profit before tax from Income statement	480	5,260
<b>Theoretical taxes (24%)</b>	<b>115</b>	<b>1,262</b>
Tax effects of the permanent differences:		
on increases	1,973	1,973
on decreases	(4,688)	(2,602)
foreign taxes	-	-
substitute taxes	749	750
<b>Total effective IRES taxes</b>	<b>(1,851)</b>	<b>1,383</b>
IRAP (regional business tax)	138	339
<b>Total effective taxes</b>	<b>(1,713)</b>	<b>1,722</b>

## 8 Transactions with group companies and related parties

The transactions of Servizi Italia S.p.A. with related parties are conducted in compliance with the applicable Regulations governing transactions with related parties and concern primarily:

- dealings associated with commercial service agreements;
- financial dealings, represented by loans.

From an economic, equity and financial point of view, the group of main transactions constitute ordinary transactions conducted under conditions equivalent to market or standard conditions and are regulated by the appropriate contracts. These transactions are basically a set of combined operations of a homogeneous nature carried out starting from the beginning of the reference financial year, and are qualifiable individually as being of greater importance, not even their combination in the financial year of reference. The amount exposed in the financial statements, in the reference financial year, was generated by the renewal of existing contracts or contracts stipulated in the year.

Income statement, statement of financial position and financial transactions with related companies in 2022 are presented below:

(thousands of Euros)									
31-Dec-22									
Economic transactions	Sale of goods and services	Other income	Purchases of goods and services	Personnel expense	Purchases of property, plant and equipment and intangible assets	Other costs	Financial income	Financial expenses	Income from equity investments
Coopservice S.Coop.p.A. (parent company)	8	81	13,015	-	-	2	-	-	-
Consorzio San Martino 2000 S.c.r.l. (subsidiary)	2,759	804	3,472	-	-	-	-	-	-
Steritek S.p.A. (subsidiary)	-	69	331	-	1	-	-	-	-
Ankateks Turizm İnsaat Tekstil Temizleme Sanayi VE (subsidiary)	-	-	-	-	-	-	51	-	-
SRI Empreendimentos e Participacoes LTDA (subsidiary)	-	-	-	-	-	-	-	-	-
Lavsim Higienização Têxtil S.A. (subsidiary)	-	35	-	-	-	-	-	-	-
Ekolav S.r.l. (subsidiary)	59	1	2,472	-	10	1	18	-	-
Wash Service S.r.l. (subsidiary)	-	66	695	-	-	-	-	-	-
Aurum S.p.A. (parent company)	-	-	-	-	-	-	-	-	-
Arezzo Servizi S.c.r.l. (joint control)	-	12	1,160	-	-	-	4	-	-
Psis S.r.l. (joint control)	160	118	1	-	29	45	5	-	-
Amg S.r.l. (joint control)	-	9	499	-	-	-	-	-	91
Steril Piemonte S.c.r.l. (joint control)	-	-	-	-	-	-	-	-	-
Piemonte Servizi Sanitari S.c.r.l. (associate)	-	111	468	-	-	-	1	-	-
Iniziative Produttive Piemontesi S.r.l. (associate)	-	16	283	-	-	-	-	-	-
SAS Sterilizasyon Servisleri A.Ş. (joint control)	-	-	-	-	-	-	-	-	-
Shubhram Hospital Solutions Private Limited (joint control)	-	-	-	-	-	-	108	129	-
Sanitary cleaning Sh.p.k. (joint control)	-	-	-	-	-	-	-	-	-
Saniservice Sh.p.k. (joint control)	217	188	-	-	-	1	278	-	-
Servizi Sanitari Integrati Marocco S.a.r.l. (joint control)	-	-	-	-	-	-	-	-	-
Finanza & Progetti S.p.A. (joint control)	-	39	-	-	-	-	195	-	-
Brixia S.r.l. (associate)	3,950	205	38	-	-	1	-	-	-
Focus S.p.A. (affiliated)	-	-	2,864	-	-	15	-	1,177	-
Archimede S.p.A. (affiliated)	-	-	9	857	-	-	-	-	-
New Fleur S.r.l. (affiliated)	-	195	3	-	-	-	-	-	-
Ospedal Grando S.p.A. (related party)	9,678	12	193	-	-	2	-	-	-
<b>Total</b>	<b>16,831</b>	<b>1,961</b>	<b>25,503</b>	<b>857</b>	<b>40</b>	<b>67</b>	<b>660</b>	<b>1,306</b>	<b>91</b>

<i>(thousands of Euros)</i>	<b>31-Dec-22</b>					
<i>Statement of financial position</i>	<b>Amount of trade receivables</b>	<b>Amount of trade payables</b>	<b>Amount of financial receivables</b>	<b>Value of rights of use</b>	<b>Amount of financial payables</b>	<b>Amount of other liabilities</b>
Coopservice S.Coop.p.A. (parent company)	112	5,161	-	-	-	-
Consorzio San Martino 2000 S.c.r.l. (subsidiary)	3,855	1,473	-	-	-	-
Steritek S.p.A. (subsidiary)	20	540	-	-	-	-
Ankateks Turizm Insaat Tekstil Temizleme Sanayi VE (subsidiary)	85	-	3,261	-	-	-
SRI Empreendimentos e Participacoes LTDA (subsidiary)	990	-	-	-	-	-
Lavsim Higienização Têxtil S.A. (subsidiary)	98	-	-	-	-	-
Ekolav S.r.l. (subsidiary)	184	988	1,140	-	-	-
Wash Service S.r.l. (subsidiary)	40	208	-	-	-	-
Aurum S.p.A. (parent company)	-	-	-	-	-	-
Arezzo Servizi S.c.r.l. (joint control)	12	565	484	-	-	-
Psis S.r.l. (joint control)	106	29	5	-	-	-
Amg S.r.l. (joint control)	6	450	-	-	-	-
Steril Piemonte S.c.r.l. (joint control)	-	-	-	-	-	-
Piemonte Servizi Sanitari S.c.r.l. (associate)	121	541	159	-	-	-
Iniziativa Produttive Piemontesi S.r.l. (associate)	18	177	53	-	-	-
SAS Sterilizasyon Servisleri A.Ş. (joint control)	-	-	-	-	-	-
Shubhram Hospital Solutions Private Limited (joint control)	-	-	1,888	-	-	-
Sanitary cleaning Sh.p.k. (joint control)	-	-	-	-	-	-
Saniservice Sh.p.k. (joint control)	1,328	-	3,854	-	-	-
Servizi Sanitari Integrati Marocco S.a.r.l. (joint control)	-	-	-	-	-	-
Finanza & Progetti S.p.A. (joint control)	369	-	2,854	-	-	-
Brixia S.r.l. (associate)	515	38	-	-	-	-
Focus S.p.A. (affiliated)	-	-	-	19,511	21,427	-
New Fleur S.r.l. (affiliated)	706	11	-	-	-	-
Ospedal Grando S.p.A. (related party)	3,804	185	-	-	-	-
<b>Total</b>	<b>12,369</b>	<b>10,366</b>	<b>13,698</b>	<b>19,511</b>	<b>21,427</b>	<b>-</b>

Aside from the figures shown above, as at 31 December 2022, transactions with related parties included directors' fees for Euro 685 thousand and executive personnel expense for Euro 2,633 thousand. As at 31 December 2021, director fees were equal to Euro 660 thousand and executive personnel expense Euro 2,630 thousand.

The main economic and financial relations with related companies in 2022 were the following:

*Coopservice S.Coop.p.A.*

Revenues from sales and the associated trade receivables as at 31 December 2022 refer primarily to linen and textile washing services within the cleaning activities provided to the parent company.

Servizi Italia S.p.A. purchases from the parent company: (i) road-based transport services for textiles and/or surgical instruments; (ii) management services for linen storage facilities located at the customers (iii) use of third party staff; (iv) technical cleaning services carried out at some production/operating sites of Servizi Italia and surveillance/security services provided to some facilities, through night patrols and alarm-based interventions.

*Consorzio San Martino 2000 S.c.r.l.*

As at 31 December 2022, revenues from the sale of goods and services and related trade receivables due from Consorzio San Martino 2000 S.c.r.l. represented services provided by Servizi Italia S.p.A. in relation to the outstanding contract with IRCCS San Martino University Hospital in Genoa. By contrast, purchase costs and the related trade payables regard the charge-back of costs incurred by the Consortium, which are divided amongst the shareholders on the basis of their shareholdings.

*Steritek S.p.A.*

As at 31 December 2022, the costs and trade payables due in relation to the subsidiary Steritek S.p.A. were related to validation services for the sterilisation centres.

*Ankateks Turizm Insaat Tekstil Temizleme Sanayi VE*

At 31 December 2022, financial income referred to interest income accrued and not yet paid by the company Ankateks Turizm İnşaat Tekstil Temizleme Sanayi ve Ticaret Ltd Şirketi for the loan granted to the subsidiary for Euro 3,261 thousand.

*SRI Empreendimentos e Participações L.t.d.a.*

As at 31 December 2022, trade receivables from SRI Empreendimentos e Participacoes Ltda were related to the charge-back of cost of personnel seconded at the subsidiary and of service costs.

*Arezzo Servizi S.c.r.l.*

The company's purpose is the provision of wash-hire services to "Aziende dell'Area Vasta Sud-Est" and, to a lesser extent, to the hospital of the Arezzo AUSL. Purchase costs and the corresponding trade payables were related to the charge-back of costs incurred by Arezzo Servizi S.c.r.l., which are divided amongst the shareholders on the basis of their shareholdings. The financial receivable is for a Euro 482 thousand loan granted to the associate.

*Psis S.r.l.*

As at 31 December 2022, revenues from the sale of goods and services to PSIS S.r.l. were related to the charge-back of administrative management services and validation services. The financial receivable relates exclusively to interest income to be settled for Euro 5 thousand.

*AMG S.r.l.*

At the end of 2022, financial transactions were mainly for external laundering services at the ASL of Asti, Casale Monferrato, and the ASL Turin 3, while revenues derive from linen sterilisation services and supply of disposable medical devices for surgical procedures.

*Ekolav S.r.l.*

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

*Steril Piemonte S.c.r.l.*

As at 31 December 2022, revenues from the sale of goods and services and purchase costs associated with Steril Piemonte S.c.r.l. were related to the charge-back of costs incurred by the Company and Consortium for surgical instrument sterilisation activities at the A.S.L. AL Piedmont Region.

*Iniziativa Produttive Piemontesi S.r.l.*

As at 31 December 2022, revenues from the sale of goods and services to Iniziativa Produttive Piemontesi S.r.l. were mainly related to validation services. The financial receivable is for a Euro 53 thousand loan granted to the associate.

*Saniservice Sh.p.k.*

As at 31 December 2022, revenues from the sale of goods and services to Saniservice Sh.p.k. mainly referred to the supply of material for the management of sterilisation facilities and to business management services. The financial receivable and financial income were related to a loan granted to the associate, equal to Euro 3,854 thousand.

*Finanza & Progetti S.p.A.*

As of 31 December 2022, the value included in the financial receivables relates to an active loan granted equal to Euro 2,854 thousand.

*Brixia S.r.l.*

As at 31 December 2022, revenues from the sale of goods and services to Brixia S.r.l. were related to the wash-hire service at the ASST Spedali Civili of Brescia.

*Focus S.p.A.*

Transactions with Focus S.p.A. were related to lease agreements on the Castellina di Soragna (Parma), Montecchio Precalcino (Vicenza), Ariccia (Rome) and Genova Bolzaneto (Genoa) properties. In 2022, the total consideration for leased properties amounted to Euro 2,864 thousand.

The lease agreements of Montecchio Precalcino (Vicenza) and Ariccia (Rome) have a duration of six years, renewable for another six, while for Genova Bolzaneto (Genoa) the lease agreement has a duration of fourteen years, renewable for another six.

*Archimede S.p.A.*

Transactions with Archimede S.p.A. were associated with temporary staff secondment service agreements. It should also be noted that the company Archimede S.p.A. was sold on 29 December 2022 to third parties with respect to the Coopservice group, an event which terminates the correlation between Servizi Italia S.p.A. and the company Archimede S.p.A. with regard to equity elements as at 31 December 2022.

*New Fleur S.r.l.*

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

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

No income from non-recurring transactions was recognised during the financial year.

During the financial year, there were no atypical and/or unusual transactions as defined in Consob communication no. 6064293 dated 28 July 2006.

## 10 Treasury shares

The Shareholders' Meeting of 20 April 2021, upon revocation of the authorisation to purchase and dispose of treasury shares resolved on 28 April 2020 for the unused portion, renewed the authorisation for the purchase and disposal of treasury shares, in accordance with the proposal by the Board of Directors. The resolution authorised the purchase of a maximum of 6,361,890 ordinary shares with nominal value of Euro 1.00 each, corresponding to one-fifth of the Company's share capital (taking into account the shares already held by the Company) for a period 18 months from that date, while the duration of the authorisation for disposal of the treasury shares has no time limits.

The treasury shares purchase plan renewed by the Board of Directors, in implementation of the shareholders' meeting resolution, on 20 April 2021 - in accordance with the resolution of the Company's Shareholders' Meeting - aimed to establish a stock of treasury shares to possibly use as consideration in extraordinary transactions and/or in trades and/or in the disposal of equity investments, and simultaneously represents an efficient investment opportunity for the company's liquidity.

In accordance with authorisation by the shareholders' meeting on 20 April 2021, purchases of treasury shares were conducted on the Mercato Telematico Azionario (MTA, electronic stock market) through broker INTERMONTE SIM S.p.A., in accordance with the operating methods and at the price conditions pursuant to the provisions of Articles 3 and 4, paragraph 2, letter b) of Delegated Regulation EU 2016/1052, and in accordance with the principle of equality of treatment of Shareholders and market practice. In particular, the purchase price of each share was, as a minimum, at least 20% and, as a maximum, not greater than 20% of the weighted average of the official prices of the shares recorded by Borsa Italiana on the MTA in the 3 days prior to each individual purchase, without prejudice to the fact that it cannot be greater than the higher of the last independent transaction and the highest current independent asking price on the MTA, in accordance with the shareholders' resolution of 20 April 2021 and any other applicable regulations (even European) and allowed market practice. Furthermore, the shares purchased during each session did not exceed 25% of the average daily volume of Servizi Italia S.p.A. shares traded on the MTA, calculated based on the daily average volume of trades in the 20 trading days prior to the purchase date.

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 2022 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. The intermediary that coordinated the share purchase program was INTERMONTE SIM S.p.A. As at 31 December 2022, the

total number of treasury shares in the portfolio was no. 2,377,351 shares, corresponding to 7.47% of the share capital.

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

As regards:

- remunerations to Directors and Statutory Auditors;
- stock options to Directors;
- Directors' equity investments;

please see the Remuneration Report, drawn up pursuant to article 123-ter of Consolidated Law on Finance for the 2022 financial year.

## 12 Remuneration plans based on financial instruments

As at 31 December 2022, there were no remuneration plans based on financial instruments.

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

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

Type of service	Provider	Recipient	Fees
Audit service	Deloitte & Touche S.p.A	Servizi Italia S.p.A.	97,953
Audit service	Deloitte & Touche S.p.A	Subsidiaries	9,665
Audit service	Deloitte & Touche S.p.A. network	Subsidiaries	66,138
Other certification services	Deloitte & Touche S.p.A	Servizi Italia S.p.A.	6,000
Other services	Deloitte & Touche S.p.A	Servizi Italia S.p.A.	35,865
Advisory services	Deloitte & Touche S.p.A. network	Servizi Italia S.p.A.	-
Advisory services	Deloitte & Touche S.p.A. network	Subsidiaries/associates	-
<b>Total</b>			<b>215,621</b>

## 14 Significant events and transactions during the year

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

## 15 Significant events after the end of the year

There are no significant events to report after the end of the year.

## 16 Allocation of the profit (loss) for the year

The Board of Directors proposes to allocate the profit for the year, equal to Euro 1,738,695, as follows:

- Euro 447,181 to the valuation reserve for equity investments by using the equity method;
- to carry forward the residual profit for the year.

The Chairman of the Board of Directors  
(Roberto Olivi)



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

Castellina di Soragna, 14 March 2023

In consideration of the provisions of Art. 154-bis, paragraphs 3 and 4 of Italian Legislative Decree no. 58 of 24 February 1998, the undersigned Roberto Olivi, in his capacity as Chairman of the Executive Committee, and Angelo Minotta, in his capacity as Financial Reporting Manager of Servizi Italia S.p.A., certify:

- a) the adequacy in relation to the characteristics of the business and
- b) the effective application of the administrative and accounting procedures for the formation of the separate financial statements during 2022.

It is also hereby stated that the separate financial statements as at 31 December 2022:

- a) have been prepared in compliance with the applicable international accounting standards recognised in the European Union pursuant to Regulation (EC) No. 1606/2002 of the European Parliament and of the Council of 19 July 2002;
- b) correspond to the books and accounting entries;
- c) provide a true and fair view of the financial position, income and cash flows of the issuer.

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

The Chairman of the Executive Committee  
Roberto Olivi

The Financial Reporting Manager  
Angelo Minotta

# Consolidated financial statements

*as at 31 December 2022*



**Servizi  
Italia**

**SERVIZI ITALIA S.P.A.**  
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## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

<i>(thousands of Euros)</i>	Note	31 December 2022	of which with related parties (Note 8)	31 December 2021	of which with related parties (Note 8)
<b>ASSETS</b>					
<b>Non-current assets</b>					
Property, plant and equipment	6.1	164,779	19,511	163,326	20,553
Intangible assets	6.2	3,783	-	4,477	-
Goodwill	6.3	62,394	-	62,684	-
Equity-accounted investments	6.4	33,067	-	27,486	-
Equity investments in other companies	6.5	3,113	-	3,305	-
Financial receivables	6.6	5,503	4,560	3,746	2,422
Deferred tax assets	6.7	11,309	-	8,349	-
Other assets	6.8	2,954	-	3,495	-
<b>Total non-current assets</b>		<b>286,902</b>		<b>276,868</b>	
<b>Current assets</b>					
Inventories	6.9	8,553	-	8,408	-
Trade receivables	6.10	67,519	7,969	65,139	7,731
Current tax receivables	6.11	2,086	-	1,872	-
Financial receivables	6.12	7,080	5,886	6,087	4,938
Other assets	6.13	12,732	-	9,585	-
Cash and cash equivalents	6.14	18,165	-	3,217	-
<b>Total current assets</b>		<b>116,135</b>		<b>94,308</b>	
<b>TOTAL ASSETS</b>		<b>403,037</b>		<b>371,176</b>	
<b>SHAREHOLDERS' EQUITY AND LIABILITIES</b>					
<b>Group shareholders' equity</b>					
Share capital	6.15	29,432	-	29,809	-
Other reserves and retained earnings	6.15	97,205	-	82,375	-
Profit (loss) for the year		3,833	-	7,500	-
<b>Total shareholders' equity attributable to shareholders of the parent company</b>		<b>130,470</b>		<b>119,684</b>	
<b>Total shareholders' equity attributable to non-controlling interests</b>		<b>3,003</b>		<b>1,435</b>	
<b>TOTAL SHAREHOLDERS' EQUITY</b>	6.15	<b>133,473</b>		<b>121,119</b>	
<b>LIABILITIES</b>					
<b>Non-current liabilities</b>					
Due to banks and other lenders	6.16	62,484	19,654	58,750	20,543
Deferred tax liabilities	6.17	2,870	-	2,107	-
Employee benefits	6.18	8,055	-	8,338	-
Provisions for risks and charges	6.19	6,386	-	4,834	-
Other financial liabilities	6.20	851	-	388	-
<b>Total non-current liabilities</b>		<b>80,646</b>		<b>74,417</b>	
<b>Current liabilities</b>					
Due to banks and other lenders	6.16	81,760	1,838	76,251	1,661
Trade payables	6.21	85,077	7,240	75,685	7,008
Current tax payables	6.22	26	-	276	-
Employee benefits	6.18	-	-	719	-
Other financial liabilities	6.23	13	-	2,454	-
Provisions for risks and charges	6.19	2,097	-	1,526	-
Other payables	6.24	19,945	-	18,729	-
<b>Total current liabilities</b>		<b>188,918</b>		<b>175,640</b>	
<b>TOTAL LIABILITIES</b>		<b>269,564</b>		<b>250,057</b>	
<b>TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES</b>		<b>403,037</b>		<b>371,176</b>	

## CONSOLIDATED INCOME STATEMENT

<i>(thousands of Euros)</i>	Note	31 December 2022	of which with related parties (Note 8)	31 December 2021	of which with related parties (Note 8)
Sales revenues	7.1	270,313	14,690	256,694	13,127
Other income	7.2	9,600	986	8,430	790
Raw materials and consumables	7.3	(29,235)	(161)	(27,430)	(170)
Costs for services	7.4	(99,165)	(18,834)	(84,749)	(16,756)
Personnel expense	7.5	(89,861)	(918)	(86,658)	(1,130)
Other costs	7.6	(1,965)	(66)	(1,403)	(74)
Depreciation/amortisation, impairment and provisions	7.7	(56,759)	-	(55,114)	-
<b>Operating profit</b>		<b>2,928</b>		<b>9,770</b>	
Financial income	7.8	2,229	612	804	485
Financial expenses	7.9	(5,800)	(1,306)	(4,989)	(1,319)
Income/(expense) from equity investments	7.10	366	-	342	-
Share of profit/loss of equity-accounted investments	6.4	2,181	-	2,247	-
<b>Profit before tax</b>		<b>1,904</b>		<b>8,174</b>	
Current and deferred taxes	7.11	1,524		(937)	-
<b>Profit (loss) for the year</b>		<b>3,428</b>		<b>7,237</b>	
of which: portion attributable to shareholders of the parent		3,833		7,500	
Attributable to non-controlling interests		(405)		(263)	
<b>Basic earnings per share (in Euros)</b>	7.12	<b>0.13</b>		<b>0.25</b>	
<b>Diluted earnings per share (in Euros)</b>	7.12	<b>0.13</b>		<b>0.25</b>	

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

<i>(thousands of Euros)</i>	Note	31 December 2022	31 December 2021
<b>Profit (loss) for the year</b>		<b>3,428</b>	<b>7,237</b>
<i>Other comprehensive income that will not be reclassified to the Income Statement</i>			
Actuarial gains (losses) on defined benefit plans	6.18	500	9
Income taxes on other comprehensive income	6.7 6.17	(120)	(2)
<i>Other comprehensive income that may be reclassified to the Income Statement</i>			
Gains (losses) from translation of foreign financial statements		1,944	(4,243)
Portion of comprehensive income of the investments measured using the equity method	6.4	2,531	650
Income taxes on other comprehensive income			
<b>Total other comprehensive income after taxes</b>		<b>4,855</b>	<b>(3,586)</b>
<b>Total comprehensive income for the year</b>		<b>8,283</b>	<b>3,651</b>
of which: portion attributable to shareholders of the parent		9,089	4,337
Attributable to non-controlling interests		(806)	(686)

## CONSOLIDATED CASH FLOW STATEMENT

<i>(thousands of Euros)</i>	Note	31 December 2022	<i>of which with related parties (Note 8)</i>	31 December 2021	<i>of which with related parties (Note 8)</i>
<i>Cash flow generated (absorbed) by operations</i>					
Profit (loss) before tax		1,904	-	8,174	-
Payment of current taxes		(785)	-	(517)	-
Amortisation	7.7	56,900	-	54,617	-
Impairment and provisions	7.7	(141)	-	497	-
Gains/losses on equity investments	6.4 7.10	(2,547)	-	(2,589)	-
Gains/losses on disposal	7.2 7.6	(995)	-	(2,489)	-
Interest income and expense accrued	7.8 7.9	3,571	-	4,185	-
Interest income collected	7.8	393	-	333	-
Interest expense paid	7.9	(3,388)	-	(2,930)	-
Interest paid on liabilities for leasing		(1,875)	(1,177)	(1,977)	(1,319)
Provisions for employee benefits	6.18	1,598	-	1,043	-
(Increase)/decrease in inventories	6.9	19	-	(445)	-
(Increase)/decrease in trade receivables	6.10	(4,967)	(238)	(7,938)	(631)
Increase/(decrease) in trade payables	6.22	11,673	(232)	2,258	232
Increase/(decrease) in other assets and liabilities		(2,910)	-	(3,356)	(1,770)
Settlement of employee benefits	6.18	(2,068)	-	(1,535)	-
<b>Cash flow generated (absorbed) by operations</b>		<b>56,382</b>		<b>47,331</b>	
<i>Net cash flow generated (absorbed) from investment activities in:</i>					
Intangible assets	6.2	(551)	-	(786)	-
Property, plant and equipment	6.1	(50,833)	-	(57,042)	-
Dividends received	7.10	346	-	428	-
(Acquisitions)/Disposals	3.3	-	-	9,527	-
Equity investments	6.4 6.5	620	-	(571)	-
<b>Net cash flow generated (absorbed) by investment activities</b>		<b>(50,418)</b>		<b>(48,444)</b>	
<i>Cash flow generated (absorbed) from financing activities in:</i>					
Financial receivables	6.6 6.12	(1,438)	(1,466)	2,644	2,071
Dividends paid	6.15	-	-	(67)	-
Net (purchase)/sales of treasury shares	6.15	(613)	-	(1,004)	-
Share capital increase	6.15	-	-	-	-
Other changes in equity	6.15	433	-	-	-
Current due to banks and other lenders	6.16	10,463	-	(738)	-
Non-current due to banks and other lenders	6.16	3,649	-	2,854	-
Reimbursement of liabilities for leasing		(3,559)	(1,693)	(3,668)	(1,496)
<b>Cash flow generated (absorbed) from financing activities</b>		<b>8,935</b>		<b>21</b>	
<b>(Increase)/decrease in cash and cash equivalents</b>		<b>14,899</b>		<b>(1,092)</b>	
<b>Opening cash and cash equivalents</b>	6.15	<b>3,217</b>		<b>4,441</b>	
<b>Effect of exchange rate fluctuations</b>		<b>(49)</b>		<b>132</b>	
<b>Closing cash and cash equivalents</b>	6.15	<b>18,165</b>		<b>3,217</b>	

## STATEMENT OF CHANGES IN CONSOLIDATED SHAREHOLDERS' EQUITY

<i>(thousands of Euros)</i>	Share capital	Share premium reserve	Legal reserve	Retained earnings	Translation reserve	Profit (loss) for the year	Reserves and profit (loss) of non-controlling interests	Total Shareholders' Equity
<b>Balance as at 1 January 2021</b>	<b>30,259</b>	<b>50,229</b>	<b>6,618</b>	<b>59,066</b>	<b>(32,582)</b>	<b>2,761</b>	<b>2,235</b>	<b>118,586</b>
Allocation of profit (loss) from the previous financial year	-	-	-	2,761	-	(2,761)	-	-
Distribution of dividends	-	-	-	-	-	-	(114)	(114)
Acquisition non-controlling interests	-	-	-	-	-	-	-	-
Treasury share transactions	(450)	(554)	-	-	-	-	-	(1,004)
Profit (loss) for the period	-	-	-	-	-	7,500	(263)	7,237
Other components of comprehensive income	-	-	-	657	(3,820)	-	(423)	(3,586)
<b>Balance as at 31 December 2021</b>	<b>29,809</b>	<b>49,675</b>	<b>6,618</b>	<b>62,484</b>	<b>(36,402)</b>	<b>7,500</b>	<b>1,435</b>	<b>121,119</b>
<b>Balance as at 1 January 2022</b>	<b>29,809</b>	<b>49,675</b>	<b>6,618</b>	<b>62,484</b>	<b>(36,402)</b>	<b>7,500</b>	<b>1,435</b>	<b>121,119</b>
Allocation of profit (loss) from the previous financial year	-	-	-	7,500	-	(7,500)	-	-
Distribution of dividends	-	-	-	-	-	-	-	-
Acquisition non-controlling interests	-	-	-	615	-	-	(615)	-
Share capital increases of subsidiaries	-	-	-	-	-	-	1,532	1,532
Treasury share transactions	(377)	(236)	-	-	-	-	-	(613)
High inflation effect in Turkey	-	-	-	1,695	-	-	1,457	3,152
Profit (loss) for the year	-	-	-	-	-	3,833	(405)	3,428
Other components of comprehensive income	-	-	-	2,911	2,345	-	(401)	4,855
<b>Balance as at 31 December 2022</b>	<b>29,432</b>	<b>49,439</b>	<b>6,618</b>	<b>75,205</b>	<b>(34,057)</b>	<b>3,833</b>	<b>3,003</b>	<b>133,473</b>

## EXPLANATORY NOTES

### Introduction

The Consolidated Financial Statements of Servizi Italia S.p.A., comprising the Statement of Financial position, Income Statement, Statement of Comprehensive Income, Cash Flow Statement, Statement of Changes in Shareholders' Equity and Explanatory Notes, were drafted in compliance with the International Financial Reporting Standards (IFRS) issued by the International Financial Reporting Standards Board and the interpretations issued by the IFRS Interpretations Committee, based on the text published in the Official Journal of the European Communities (O.J.E.C.).

These financial statements were approved on 14 March 2023 by the Board of Directors, which authorised their publication.

The accounting standards illustrated below have been applied on a consistent basis to all the periods presented.

The amounts shown in the explanatory notes are expressed in thousands of Euros, unless specified otherwise.

The financial statement schedules adopted by the group have the following characteristics:

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

### IFRS accounting standards, amendments and interpretations applied as from 1 January 2022

The following IFRS accounting standards, amendments and interpretations were applied for the first time by the Group starting on 1 January 2022:

- On 14 May 2020, the IASB published the following amendments:
  - **Amendments to IFRS 3 Business Combinations:** the purpose of the amendments is to update the reference in IFRS 3 to the revised Conceptual Framework, without this implying changes to the provisions of the standard.
  - **Amendments to IAS 16 Property, Plant and Equipment:** the purpose of the amendments is not to allow the deduction from the cost of tangible assets the amount received from the sale of assets produced in the test phase of the same assets. These sales revenues and the related costs will therefore be recognized in the income statement.
  - **Amendments to IAS 37 Provisions, Contingent Liabilities and Contingent Assets:** the amendment clarifies that all costs directly attributable to the contract must be considered in the estimate of the possible cost of a contract. Consequently, the assessment of the possible cost of a contract includes not only incremental costs (such



as, for example, the cost of the direct material used in the processing), but also all the costs that the company cannot avoid since it has stipulated the contract (such as, for example, the portion of depreciation of the machinery used to fulfil the contract).

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

The adoption of these amendments did not impact the consolidated financial statements of the Group.

### **IFRS accounting standards, amendments and interpretations approved by the European Union, not yet applicable on a mandatory basis and not adopted early by the Company as at 31 December 2022**

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

- On 12 February 2021, the IASB published two amendments called "**Disclosure of Accounting Policies - Amendments to IAS 1 and IFRS Practice Statement 2**" and "**Definition of Accounting Estimates - Amendments to IAS 8**". The amendments are aimed at improving disclosure on accounting policies in order to provide more useful information to investors and other primary users of the financial statements and to help companies distinguish changes in accounting estimates from changes in accounting policies. The amendments will apply from 1 January 2023, though early adoption is allowed. Directors do not expect any significant effect on the consolidated financial statements of the Group when these amendments are adopted.
- On 7 May 2021, the IASB published an amendment called "**Amendments to IAS 12 Income Taxes: Deferred Tax related to Assets and Liabilities arising from a Single Transaction**". The document clarifies how deferred taxes on certain transactions which can generate assets and liabilities of the same amount, such as leasing and dismantling obligations, must be accounted for. The amendments will apply from 1 January 2023, though early adoption is allowed. Directors do not expect any significant effect on the consolidated financial statements of the Group when this amendment is adopted.

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

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

- On 23 January 2020, the IASB published an amendment called "Amendments to IAS 1 Presentation of Financial Statements: Classification of Liabilities as Current or Non-current" and on 31 October 2022 it published an amendment called "Amendments to IAS 1 Presentation

of Financial Statements: Non-Current Liabilities with Covenants”. The purpose of the documents is to clarify how to classify payables and other short or long-term liabilities. The amendments come into effect on 1 January 2024; early adoption is in any case allowed. Directors do not expect any significant effect on the consolidated financial statements of the Group when this amendment is adopted.

- On 7 May 2021, the IASB published an amendment called "**Amendments to IAS 12 Income Taxes: Deferred Tax related to Assets and Liabilities arising from a Single Transaction**". The document clarifies how deferred taxes on certain transactions which can generate assets and liabilities of the same amount, such as leasing and dismantling obligations, must be accounted for. The amendments will apply from 1 January 2023, though early adoption is allowed. Directors do not expect any significant effect on the consolidated financial statements of the Group when this amendment is adopted.
- On 22 September 2022, the IASB published an amendment called "**Amendments to IFRS 16 Leases: Lease Liability in a Sale and Leaseback**". The document requires the seller-lessee to assess the lease liability deriving from a sale & leaseback transaction so as not to recognize an income or a loss that refers to the withheld right of use. The amendments will apply from 1 January 2024, though early adoption is allowed. Directors do not expect any significant effect on the consolidated financial statements of the Group when this amendment is adopted.

## 1 Core Business

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

- Wash hire: this includes (i) planning and provision of integrated hire, reconditioning (disinfection, washing, finishing and packaging) and logistics (pick-up and distribution to usage centres) services for textile items, mattresses and accessories, (ii) rental and washing of high visibility "118" emergency service items and (iii) logistics, transport and management of hospital linen storage facilities;
- Linen sterilisation (Steril B): this includes the planning and rental of sterile medical devices for operating rooms (linens for operating rooms and scrubs) packed in kits for the operating areas, in cotton or in re-usable technical fabric, as well as personal protection equipment;
- Sterilisation of surgical instruments (Steril C): this includes (i) the design and supply of washing, packaging and sterilisation services for surgical instruments (owned or rented) as well as accessories for operating rooms, (ii) the design, installation and renovation of sterilisation centres and, (iii) system validation and control services for sterilisation processes and surgical instrument washing systems.

## 2 The Company as part of a group

Servizi Italia S.p.A. is a subsidiary of the Coopservice S.Coop.p.A. group, with registered offices in Reggio Emilia, which holds a controlling shareholding via the Company Aurum S.p.A., which therefore indirectly controls the Servizi Italia Group.

## 3 Consolidation principles and accounting standards adopted

### 3.1 Consolidation principles

The consolidated financial statements include the financial statements of Servizi Italia S.p.A. and of the companies, over which it exercises direct or indirect control, beginning on the date on which it is acquired and until the date on which it is no longer held. Servizi Italia S.p.A. controls a company when, in exercising the power it holds on it, is exposed and is entitled to its variable returns, getting involved in its management, and has, at the same time, the possibility to impact the variable returns of the investee company. The exercise of rights on the investee company is based on: (i) of the voting rights, also potential, held by the Group and by virtue of which the Group can exercise the majority of the votes exercisable during the company's ordinary shareholders' meeting; (ii) of the content of any agreements between shareholders or the existence of particular article of association clauses, which assign the Group the power to govern the company; (iii) of the control by the Group of a number of votes sufficient to exercise the de facto control of the company's ordinary shareholders' meeting.

Joint control agreements in which the parties hold rights on the net assets of the agreement are defined as joint ventures, while the jointly controlled agreements in which the parties hold rights on the assets and obligations related to the agreement are defined as jointly controlled assets. Joint control is the sharing, on a contractual basis, of the control of an agreement, which exists solely when due to decisions relating to the significant activities the unanimous consent of all the parties, which share the control, is required.

The companies, in which Servizi Italia is able to participate in the definition of the operating and financial policies despite the same not being subsidiaries or jointly-controlled parties, are associates.

Investments in associates and jointly-controlled companies are measured using the equity method. On the basis of the equity method, the equity investment is recognised in the statement of financial position at purchase cost, adjusted, upwards or downwards, for the portion pertaining to the Group of the changes in the net assets of the investee company. Goodwill pertaining to the investee company is included in the book value of the equity investment and is not amortised. The transactions generating internal gains realised by the Group with associates and jointly-controlled companies are eliminated limited to the holding owned by the Group. Adjustments are made to the financial statements of companies carried at equity, necessary for bringing the accounting standards into line with those adopted by the Group. Jointly controlled assets (joint operations) are recorded by recognising the portion of asset and liability, cost and revenue that pertain thereto, directly into the financial statements of the company, which is part of the agreements.

We note in particular that, during the second quarter of 2022, the Turkish economy was considered hyperinflationary on the basis of the criteria established by "IAS 29 - Financial reporting in hyperinflationary economies". This is due to the assessment of a series of qualitative and quantitative elements, including the presence of a cumulative inflation rate greater than 100% over the previous three years. Together with other characteristics of the country's economy, this led the Group to adopt,

starting from 1 January 2022, with reference to the Ankara Group (composed of the companies Ankateks Turizm İnşaat Tekstil Temizleme Sanayi ve Ticaret Ltd Şirketi, Ergülteks Temizlik Tekstil Ltd. Sti and Ankateks Tur. Teks. Tem.Sanve TIC. A.s. – Olimpos Laundry Teks.Tem. Hizm. Ve Tur. San. Tic. LTD.Sti IS Ortakligi), 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 accounting effects of this adjustment, in addition to being already reflected in the opening balance sheet, incorporate the changes in the period. In particular, the effect relating to the remeasurement of non-monetary assets and liabilities, of shareholders' equity items, as well as of the Income Statement items recognized in 2022, was recognized as a balancing entry to a specific item of the Income Statement under financial income and charges. The related tax effect was recognized under taxes for the period. The value as at 1 January 2022 of the non-monetary elements, including goodwill, were restated, in order not to exceed their recoverable value in accordance with the provisions of the relevant IFRS. In order to take into account the impact of hyperinflation also on the monetary performance of the local currency, the balances of the Income Statements expressed in hyperinflationary currency were converted into the Group's presentation currency by applying, as required by IAS 21, the exchange rate at the end of the year instead of the average for the period with the aim of bringing these amounts back to current values. The inflation rate used for the adoption of hyperinflation accounting corresponds to the consumer price index. The cumulative levels of the general consumer price indices respectively as at 31 December 2021 and 31 December 2022 are shown below:

Periods	General indices of cumulative consumer prices
From 1 December 2005 to 31 December 2021	460.09%
From 1 January 2022 to 31 December 2022	64.27%

The application of IAS 29 shows a revaluation effect on the net assets of the Ankara Group equal to Euro 3,989 thousand, of which Euro 3,152 thousand recognized in the Shareholders' Equity reserve while Euro 697 thousand recognized as Financial Income as revaluation of the monetary assets of the financial year.

The financial statements consolidated line-by-line were prepared as at 31 December 2022 and have been adjusted as required to bring them into line with the accounting standards of Servizi Italia S.p.A.:

- the assets and liabilities, expense and income are consolidated line-by-line allocating the minority shareholders, where applicable, the portion of shareholders' equity and net result for the year due to the same;
- business merger transactions, by virtue of which control over an entity is acquired, are recognised in the accounts by applying the purchase method. The purchase cost corresponds to the fair value as at the date of purchase of the assets sold, the liabilities undertaken, the equities issued and any other directly attributable accessory charge. The difference between the purchase cost and the fair value of the assets and liabilities acquired, if positive, is allocated to the asset item Goodwill; if it is negative, after having re-checked the correct measurement of the

fair values of the assets and liabilities acquired and the purchase cost, it is recognised directly in the income statement, as income. The cost incurred for the acquisition is immediately recorded in the Income Statement. If the acquisition agreement provides for an adjustment of the price that is different according to the profitability of the acquired business over a defined period of time, or until a pre-set future date (“earn-out”), the adjustment is included in the purchase price starting from the date of acquisition and is valued at fair value at the date of acquisition while the subsequent changes are recorded in the Income Statement;

- the acquisition or the transfer of minority shareholdings of third parties, subsequent to the acquisition of control and if the control is maintained, are recorded under shareholders' equity;
- significant gains and losses from transactions between companies consolidated line-by-line, not yet realised vis-à-vis third parties, are eliminated;
- receivable and payable transactions, costs and revenues, as well as the financial income and expense between companies consolidated line-by-line are eliminated;
- put options on minority shares lead to the recognition of a financial liability at the current value of the disbursement to be executed during the period. This liability reduces the non-controlling interests or the reserves of the Group in relation to the fact that the risks and benefits of said interests have been transferred or otherwise to the purchaser. Any changes in the estimate of the disbursement are recognised in the income statement;
- the financial statements of each company belonging to the Group are prepared in the currency of the primary economic sphere in which it operates (reporting currency). For the purposes of the consolidated financial statements, the financial statements of each foreign entity are expressed in Euros, which is the reporting currency of the Group and the presentation currency for the consolidated financial statements. All the assets and liabilities of foreign companies in currency other than Euros, which fall within the scope of consolidation, are converted using the exchange rates existing as of the financial statement reference date (current exchange rate method). Income, costs and cash flows are converted at the average exchange rate for the period. The exchange differences deriving from the comparison between the opening shareholders' equity converted using the current rates and the same converted using the historical rates, as well as the difference between the profit/loss expressed using the average rates and that expressed using the current rates, are booked to other comprehensive income and recorded in a specific reserve;
- foreign currency transactions are recorded using the exchange rate in force as of the date of the transaction. Monetary assets and liabilities denominated in foreign currency are converted at the exchange rates existing as of the financial statement reference date. Non-monetary items valued at historical cost in foreign currency are converted using the exchange rate in force as of the date of initial recognition of the transaction. Non-monetary items recorded at fair value are converted using the exchange rate as of the date of determining this value;
- the exchange rates used for the conversion into Euros of the financial statements of the companies included in the scope of consolidation are illustrated below. It should be noted that, by virtue of the application of IAS 29 on hyperinflation, the exchange rate used to convert the economic values of Turkish companies is the exchange rate as at 31 December 2022.
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Currency	Exchange rate as at 31 December 2022	Average exchange rate for 2022	Exchange rate as at 31 December 2021	Average exchange rate for 2021
Brazilian Real (BRL)	5.6386	5.4399	6.3101	6.3779
Turkish Lira (TRY)	19.9649	17.4088	15.2335	10.5124
Albanian Lek (LEK)	114.4600	118.9326	120.7100	122.4372
Indian Rupee (INR)	88.1710	82.6864	84.2292	87.4392
Moroccan Dhiram (MAD)	11.1580	10.6781	10.4830	10.6263

### 3.2 Scope of Consolidation

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

(thousands)	Registered Offices	Currency	Share capital as at 31 December 2022	Percent equity investment as at 31 December 2022	Percent equity investment as at 31 December 2021
San Martino 2000 S.c.r.l.	Genoa	EUR	10	60.0%	60.0%
Steritek S.p.A.	Malagnino (Cremona)	EUR	134	95.0%	70.0%
Ankateks Turizm İnşaat Tekstil Temizleme Sanayi ve Ticaret Ltd Şirketi	Ankara, Turkey	TRY	85,000	55.0%	55.0%
Ergülteks Temizlik Tekstil Ltd. Sti. <sup>(*)</sup>	Smyrna - Turkey	TRY	1,700	57.5%	57.5%
Ankateks Tur. Teks. Tem.Sanve TIC. A.s. – Olimpos Laundry Teks.Tem. Hizm. Ve Tur. San. Tic. LTD.Sti IS Ortakligi <sup>(**)</sup>	Antalya - Turkey	TRY	10	51.0%	-
SRI Empreendimentos e Participacoes LTDA	São Paulo (Brazil)	BRL	217,758	100.0%	100.0%
Lavsım Higienização Têxtil S.A. <sup>(*)</sup>	São Roque, State of São Paulo (Brazil)	BRL	32,330	100.0%	100.0%
Maxlav Lavanderia Especializada S.A. <sup>(*)</sup>	Jaguariúna, State of São Paulo (Brazil)	BRL	2,825	100.0%	100.0%
Vida Lavanderias Especializada S.A. <sup>(*)</sup>	São Roque, State of São Paulo (Brazil)	BRL	3,600	100.0%	100.0%
Aqualav Serviços De Higienização Ltda <sup>(*)</sup>	Vila Idalina, Poá, State of São Paulo (Brazil)	BRL	15,400	100.0%	100.0%
Wash Service Srl	Castellina di Soragna (Parma) - Italy	EUR	10,000	90%	90%
Ekolav S.r.l.	Lastra a Signa (Florence) - Italy	EUR	100,000	100%	100%

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

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

Investments in associates and jointly-controlled companies are measured using the equity method.

(thousands)	Registered Offices	Currency	Share capital as at 31 December 2022	Percent equity investment as at 31 December 2022	Percent equity investment as at 31 December 2021
Arezzo Servizi S.c.r.l.	Arezzo - Italy	EUR	10	50%	50%
PSIS S.r.l.	Padua - Italy	EUR	10,000	50%	50%
Steril Piemonte S.c.r.l.	Turin - Italy	EUR	4,000	50%	50%
AMG S.r.l.	Busca (Cuneo) - Italy	EUR	100	50%	50%
Iniziativa Produttive Piemontesi S.r.l.	Turin - Italy	EUR	2,500	37.63%	37.63%
Piemonte Servizi Sanitari S.c.r.l.	Turin - Italy	EUR	10	30% <sup>(*)</sup>	30% <sup>(*)</sup>
SAS Sterilizasyon Servisleri A. Ş.	Istanbul - Turkey	TRY	24,467	51%	51%
Shubhram Hospital Solutions Private Ltd.	New Delhi - India	INR	362,219	51%	51%
Finanza & Progetti S.p.A.	Vicenza - Italy	EUR	550	50%	50%
Brixia S.r.l.	Milan - Italy	EUR	10	23%	23%
Saniservice Sh.p.k.	Tirana - Albania	LEK	2,746	30%	30%
Sanitary cleaning Sh.p.k.	Tirana - Albania	LEK	2,799	40%	40%
Servizi Sanitari Integrati Marocco S.a.r.l.	Casablanca - Morocco	MAD	122	51%	51%

<sup>(\*)</sup> Indirect 15.05% interest through Iniziativa Produttive Piemontesi S.r.l.



### 3.3 Summary of the accounting standards and basis of preparation

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

#### A. Property, plant and equipment

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

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

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

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

Category	Years
Industrial buildings	33
Plant and machinery	12
General plant	7
Industrial and commercial equipment	4
Specific equipment	8
Flat linen	3
Packed linen for "118" emergency services operators and hotel	4
Mattresses	8
Furniture and fixtures	8
Electronic machinery	5
Cars	4
Other vehicles	5

The useful lives are reviewed, and adjusted, if necessary, at the end of each period.

The individual components of an asset, which are characterised by a different useful life, are depreciated separately and on a consistent basis with their duration according to an approach by components. Returnable assets are depreciated over the residual duration of the contract within the sphere of which they are realised.

If there are indicators of impairment, the assets are subject to an "Impairment test" as per the following section E; any impairment may be subsequently reversed if the reasons for the impairment cease to apply. These fixed assets include the costs for the creation of the sterilisation and washing installations at the customer sites, which are used exclusively by the Group. These assets are depreciated over the useful life of the assets or the residual duration of the relative contract, whichever is the shorter. The ownership of the asset is transferred to the customer on termination of the contract.

The financial expense is capitalised if directly attributable to the purchase, construction or production of an asset.



### *B. Finance leases*

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

### *C. Intangible assets*

Only identifiable assets, controlled by the enterprise, which are able to produce future economic benefits, can be defined as intangible assets.

These assets are recorded in the financial statements at purchase or production cost, inclusive of the related charges as per the criteria already indicated for property, plant and equipment. The development costs are also capitalised provided that the cost can be reliably determined and that it can be demonstrated that the asset is able to produce future economic benefits.

The intangible assets with a defined useful life are amortised systematically as from the moment the asset is available for use over the envisaged period of utility. They are mainly represented by software licences acquired for a consideration capitalised on the basis of the cost incurred. These costs are amortised on a straight-line basis according to their estimated useful life (3-5 years).

The value attributed, upon an acquisition, to the contract portfolio is amortised based on the residual duration of the related contracts and proportional to the time of the distribution of the benefit flow resulting therefrom.

### *D. Goodwill*

Goodwill represents the additional costs incurred with respect to the fair value of the net assets identified at the time of acquisition of a subsidiary, associate or business. In the consolidated financial statements, goodwill related to the acquisition of associates and jointly-controlled companies is included in the cost recognised in the item "Equity-accounted investments" measured as described in "Equity investments" below.

All goodwill is verified once a year to identify any impairment loss ("impairment test") and is recognised net of any impairment.

An impairment loss recognised for goodwill cannot be reversed in a subsequent period.

For the purposes of the impairment test, goodwill is allocated to the individual cash generating units ("CGUs") or CGU groups that are believed to be the source of the financial benefits from the acquisition to which goodwill refers.

### *E. Impairment test*

In the presence of situations that may potentially generate impairment losses, impairment tests are carried out on property, plant and equipment and intangible assets, by measuring their recoverable value and comparing it with the corresponding net carrying value. If the recoverable value is less than the carrying value, the latter is adjusted accordingly. This reduction represents a loss in value, which is recognised in the Income Statement.

Goodwill and assets with an indefinite useful life or assets not available for use are subject at least once a year to an impairment test, to verify the recoverability of their value. An impairment test is carried out

on assets that are amortised/depreciated on the occurrence of events and circumstances that indicate that the carrying value might not be recoverable. In such cases, the book value of the asset is written down until reaching the recoverable value.

The recoverable value is the greater of the fair value of the assets net of selling costs and the value in use. For impairment test purposes, the assets are grouped together at the level of cash generating units (“CGUs”) or CGU groups.

As of each reporting date, steps are taken to verify whether the impairments made on the non-financial assets further to impairment tests should be reversed. If a write-down, previously carried out, no longer has a reason to exist, except for the goodwill, its book value is written back using the new value deriving from the estimate, provided that this value does not exceed the net carrying value that the asset would have had if no write-down was ever carried out. The write-back is also recorded in the Income Statement. Impairment losses recognised on goodwill cannot be reversed.

#### *F. Equity investments*

Investments in associates and jointly-controlled companies are measured using the equity method.

In applying this valuation method, the investment is initially recognised at cost and the book value is increased or decreased to recognize the investor's share of the investee company's profits or losses. The attributable share of the profit (loss) for the year of the investee company is recognised in the Income Statement. The dividends received reduce the book value of the equity investment. Adjustments to the book value may also be necessary as a result of changes in the equity investment or changes in the items of the statement of comprehensive income of the investee company (e.g. changes deriving from foreign currency translation differences). The portion of these changes pertaining to the participant is recognised in other comprehensive income.

If the quota of losses of a investee company is equal to or exceeds the value of the equity investment, after having eliminated the value of the interest, the additional losses are set aside and recognised as liabilities, only to the extent that there are legal or implicit obligations or payments have been made on behalf of the investee company. If the investee company subsequently realizes profits, the investing firm will book the portion of profits pertaining to it only after it has equalled its share of unrealised losses.

Profits and losses deriving from transactions between an entity and associated firm or joint venture are booked in the entity's financial statements only for the portion of minority interests in the associate or joint venture. If a company valued with the equity method retains subsidiaries, associates or joint-ventures, the profit (loss) for the year, the other items of the statement of comprehensive income statement and the net assets considered during the application of the equity method are those recorded in the consolidated financial statements of the investee company.

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

Equity investments in other companies include minority interests of less than 20% related to strategic and productive investments held since related to the management of orders or concessions. These equity investments usually cannot be freely transferred to third parties, since they are subject to rules and agreements that in practice prevent their free circulation. The equity investments in other companies are recognised at the fair value if there is an active market for the securities representative of these equity investments. The profits or the losses deriving from changes in the fair value are recognised directly in the Income Statement. If an active market is not available, which is the case for all equity investments held by the Group as at 31 December 2022, equity investments in other companies

are recognised at the cost of purchase or set-up, reduced for any impairment or capital refund, as best estimate of the fair value.

#### G. *Financial instruments*

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

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

Derivative instruments are recognised at fair value in the statement of financial position. The gains and losses realised are recognised in the income statement if the derivatives cannot be defined as hedges under IFRS 9 or they hedge a price risk (fair value hedge) or in the statement of comprehensive income if they hedge a future cash flow or a future contractual commitment already undertaken as at the reporting date (cash flow hedge).

Cash and cash equivalents are bank and post office deposits, marketable securities, which represent temporary investments of liquidity and financial receivables due within three months.

Financial liabilities are recognised initially at the fair value increased (or decreased in the case of financial liabilities recognised at fair value through profit or loss) by the transaction costs directly related to the issue of the liabilities. Subsequently, they are measured at amortised cost, apart from financial derivatives or liabilities held for trading, which are recognised at fair value through profit or loss, or in the cases in which the Group chooses valuation at fair value through profit or loss for liabilities that would be otherwise recognised at the amortised cost. Financial liabilities, trade payables and other payables are recognised at amortised cost. No liabilities in the financial statements were recognised at fair value.

The value of the financial assets is adjusted for any impairment, measured using the Expected Credit Loss model, which estimates the loss expected over a period more or less long according to credit risk:

- for financial assets that did not see a significant increase in credit risk from the time of the initial recognition or that have a low credit risk at the reporting date, the expected loss is calculated on the subsequent 12 months;

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

For trade receivables that do not contain a significant financing component, the expected loss is calculated using a method that is simplified with respect to the general approach described above. The simplified approach envisages the estimate of expected loss throughout the life of the credit and without needing to assess the 12-month Expected Credit Loss and the existence of significant increases in credit risk. In an additional derogation from the general method, for financial assets that have a low credit risk, when there is a low risk of default in the short term and in the presence of unfavourable changes in economic conditions, the 12-month expected loss is used.

The financial assets representing “white certificates” are allocated in relation to the achievement of energy savings through the application of efficient systems and technologies. The white certificates are recognised in the accounts on an accruals basis under “Other income”, in proportion to the TOE (tonne of oil equivalent) savings effectively made in the period. The recognition of the same is carried out at the average annual market value unless the year-end market value is significantly lower. The decreases due to sales of white certificates matured during the period or in previous periods are valued at the disposal price. The capital gains and losses deriving from the sales of certificates in periods different to those of maturity are recorded respectively under “Other income” or “Other costs”.

#### *H. Other non-current assets held for sale*

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

#### *I. Inventories*

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

#### *J. Employee benefits*

##### Post-employment plans

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

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

#### Remuneration plans under the form of participation in the capital

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

#### Other long-term benefits

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

#### *K. Provisions for risks and charges*

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

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

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

## L. Revenue and cost recognition

### Provision of services

The Group offers the following services:

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

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

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

### Sales of goods

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

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

### Other costs and revenues

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



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

#### *M. Income taxes*

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

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

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

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

#### *N. Earnings per share*

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

#### *O. Use of estimated values*

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

#### Particularly significant accounting standards

The accounting standards, which, more than others, require greater subjectivity by the directors when making the estimates and for which a change in the conditions underlying the assumptions used could



have a significant impact on the restated consolidated economic financial data, are briefly described below.

- *Goodwill*: in accordance with the accounting standards adopted for the drafting of the financial statements, the Group checks the goodwill each year so as to ascertain the existence of any impairment to be recognised in the income statement. In detail, the check involves the allocation of goodwill to cash flow generating units and the subsequent determination of the related recoverable value. If it should emerge as lower than the book value of the cash flow generating units, steps shall have to be taken to impair the goodwill allocated to this. The identification of the cash flow generating units, the allocation of goodwill to these and the forecast of the future cash flows involve the use of estimates, which depend on factors that may change over time with consequent effects, possibly significant, with respect to the valuations made by the directors.
- *Linen asset*: the economic life of the Company's linen used in the production process was estimated by taking into consideration numerous factors that may affect it, such as the wear and tear deriving from use and from the washing cycles. These factors are subject to changes over time and could significantly affect the depreciation of the linen.
- *Deferred taxes*: the recognition of deferred tax assets is carried out on the basis of the expectations of income envisaged in future periods. The valuation of the expected income for the purposes of recognition of the deferred taxation depends on factors that may vary over time and have significant effects on the valuation of the deferred tax assets.
- *Provisions for risks and charges*: in the presence of legal and tax-related risks, provisions are recognised in respect of the potential liabilities and risk of losing lawsuits. The value of the provisions recorded in the financial statements relating to these risks represents the best estimate made by management as at the reporting date. This estimate involves the adoption of assumptions which depend on factors which may change over time and which therefore could have significant effects with respect to the current estimates made by the directors for the drafting of the consolidated financial statements of the Servizi Italia Group.
- *Revenues from sales and services*: the revenues for services underway in relation to contracts, which envisage invoicing of advance payments and the balance on the basis of the data communicated by the customer (days of hospitalisation, number of employees clothed, number of operations), are estimated internally on the basis of the past data supplemented by the most up-to-date information available. This estimate involves the adoption of hypotheses on the performance of the variable to which the payment is linked.
- *Financial liabilities for put options on minority interests*: these are valued at the current value of the disbursement on the date of their exercise. This estimate is based on the income statement and statement of financial position values taken from long-term plans whose underlying conditions and hypotheses may undergo changes over time with consequent significant impacts on the estimate of the liabilities.

#### 4 Risk management policy

The management of financial risks within the Servizi Italia Group is carried out centrally within the sphere of precise organisational directives, which discipline the handling of the same and the control of

all transactions that have strict relevance in the composition of the financial and/or trade assets and liabilities.

The Servizi Italia Group's activities are exposed to various risk types, including interest rate fluctuations and credit, liquidity, cash flow risks and currency-type risks.

To minimise such risks, the Servizi Italia Group has adopted timescales and control methods, which allow the company management to monitor this risk and appropriately inform the Director in charge of the internal control system and (also through him) the Board of Directors.

#### **4.1 Type of risks hedged**

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

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

##### Price risk

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

##### Interest rate risk

The Group's net financial debt primarily comprises short-term payables which, as at 31 December 2022, represent approximately 57% of its debt, at an average annual rate of around 0.95%. In relation to the global financial crisis, the Company is monitoring the market and assessing the appropriateness of taking out hedging transactions on the rates in order to limit the negative impacts of changes in interest rates on the company's income statement. The table below demonstrates the effect that would be generated by a 0.5% increase or decrease in rates (in thousands of Euros).

(thousands of Euros)	0.5% rate increase		0.5% rate decrease	
	31 December 2022	31 December 2021	31 December 2022	31 December 2021
Financial receivables	+49	+48	(49)	(48)
Financial payables	+597	+612	(597)	(612)
Factoring of receivables	+487	+434	(487)	(434)

## Credit risk

As receivables are essentially due from public bodies, they are deemed certain in terms of collectability and, due to their nature, are subject to a low risk of loss. Collection times depend on the loans received, the Local Health Authorities, the Hospitals and the Regional Authorities and at present average collection days are 90.

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

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

The expected loss rates are based on the sale payment profiles in a period of 12 years before 1 January 2022 and the corresponding historical losses on receivables that occurred in this period. The historical loss rates are adjusted to reflect current and expected future information on macroeconomic factors that affect the customers’ ability to settle the amounts due.

A summary of trade receivables, net and gross of bad debt provisions, and the stratification by maturity of receivables as at 31 December 2022 is presented below:

(thousands of Euros)						Receivables with indications of impairment	Total
	Not yet due	Past due by less than 2 months	Past due by less than 4 months	Past due by less than 12 months	Past due by more than 12 months		
Expected loss rate	2.53%	0.58%	0.96%	0.18%	4.93%	80.59%	7.56%
Gross trade receivables	47,355	2,372	3,578	4,816	10,253	4,664	73,038
<b>Loss expected as at 31 December 2022</b>	<b>1,199</b>	<b>14</b>	<b>34</b>	<b>9</b>	<b>505</b>	<b>3,758</b>	<b>5,519</b>

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

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

## Liquidity risk

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

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

Concentrating its business on orders contracted with the Public Administration Authorities, the Group is exposed to risks associated with delays in payments for receivables. In order to balance this risk, factoring agreements have been entered into with the without recourse formula, renewed also for 2022. To correctly manage the liquidity risk, an adequate level of cash and cash equivalents must be maintained. In light of the predominantly public nature of the group's customers and the average collection times, cash and cash equivalents are mainly obtained from accounts receivable financing and medium-term loans. The loan agreements with Banca Nazionale del Lavoro S.p.A., Banca Crédit Agricole Cariparma S.p.A., Banco BPM S.p.A., Unicredit Banca S.p.A., BPER Banca S.p.A. and Banca Monte dei Paschi di Siena S.p.A. include clauses for the early repayment with respect to the corresponding amortisation plan if certain financial indicators ("covenants") have not been met. As at 31 December 2022, all covenants included in the loan agreements had been met.

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

(thousands of Euros)	Financial payables		Trade and other payables		Total	
	31 December 2022	31 December 2021	31 December 2022	31 December 2021	31 December 2022	31 December 2021
Less than or equal to 3 months	57,143	43,122	73,432	65,331	130,575	108,453
3 to 12 months	26,082	35,795	30,544	28,734	56,626	64,529
1 to 2 years	21,257	23,242	-	-	21,257	23,242
More than 2 years	44,242	36,107	-	-	44,242	36,107
<b>Total</b>	<b>148,724</b>	<b>138,266</b>	<b>103,976</b>	<b>94,065</b>	<b>252,700</b>	<b>232,331</b>

### Exchange rate risk

The investments in Brazil, Turkey, India, Albania and Morocco have positioned the Group in an international context, exposing it to exchange rate risk generated by fluctuations in the Euro/Real, Euro/Turkish Lira, Euro/Indian Rupee, Euro/Albanian Lek and Euro/Moroccan Dirham exchange rates. The assessment of exchange rate risk weights the risk of currency fluctuations with the size and time distribution of the cash flows expressed in foreign currency and with the cost of any hedging transactions. The assessments, taking into account the fact that no capital repatriation is expected from abroad in the short term, have led to the decision not to hedge against currency risk.

It should be noted that the scope of consolidation includes subsidiary and associate companies that prepare their financial statements in a currency other than the Euro, the latter being used for the consolidated financial statements. This exposes the Group to translation risks, due to the conversion into Euro of the assets and liabilities of the subsidiaries and associate companies that operate with currencies other than the Euro. The main exposures to foreign exchange translation risk are constantly monitored and, at present, it is not believed necessary to adopt specific hedging policies covering these

exposures. The following is a sensitivity analysis of the impacts on consolidated shareholders' equity of the two main currencies other than the Euro used within the scope of consolidation of the Servizi Italia group.

(thousands of Euros)	10% appreciation		10% depreciation	
	31 December 2022	31 December 2021	31 December 2022	31 December 2021
Brazilian Real	3,953	3,439	(3,234)	(2,814)
Turkish Lira	293	139	(240)	(113)
<b>Total relative to consolidated shareholders' equity</b>	<b>4,246</b>	<b>3,578</b>	<b>(3,474)</b>	<b>(2,928)</b>

#### 4.2 Fair value hierarchy and information

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

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

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

(thousands of Euros)	Fair value through profit or loss	Fair value through OCI	Amortised cost
<b>Non-current assets</b>			
Equity investments in other companies	3,113		
Financial receivables			5,503
Other assets			2,954
<b>Current assets</b>			
Trade receivables			67,519
Financial receivables			7,080
Other assets			12,732
<b>Non-current liabilities</b>			
Due to banks and other lenders			62,484
Other financial liabilities	851		
<b>Current liabilities</b>			
Due to banks and other lenders			81,760
Trade payables			85,077
Other financial liabilities			13
Other payables			19,945

### 4.3 Supplementary information on the capital

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

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

(thousands of Euros)	31/12/2022	31/12/2021	Change	% change
Shareholders' equity (B)	133,473	121,119	12,354	10.2%
Net financial debt <sup>(a)</sup> (A)	118,999	125,697	(6,698)	-5.3%
<b>Net invested capital (C)</b>	<b>252,472</b>	<b>246,816</b>	<b>5,656</b>	<b>2.3%</b>
<b>Gearing (A/C)</b>	<b>47.1%</b>	<b>50.9%</b>		

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

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

## 5 Segment reporting

The Servizi Italia Group's segment reporting is organised as follows:

- *Wash hire*: this includes (i) planning and provision of integrated hire, reconditioning (disinfection, washing, finishing and packaging) and logistics (pick-up and distribution to usage centres) services for textile items, mattresses and accessories (pillowcases, curtains), (ii) rental and washing of high visibility "118" emergency service items and (iii) logistics, transport and management of hospital linen storage facilities;
- *Linen sterilisation (Steril B)*: this includes the planning and rental of sterile medical devices for operating theatres (linens for operating theatres and scrubs) packed in kits for the operating theatre, in cotton or in re-usable technical fabric, as well as personal protection equipment (gloves, masks);
- *Sterilisation of surgical instruments (Steril C)*: this includes (i) the design and supply of washing, packaging and sterilisation services for surgical instruments (owned or rented) as well as accessories for operating rooms, (ii) the design, installation and renovation of sterilisation centres and, (iii) system validation and control services for sterilisation processes and surgical instrument washing systems.

The Servizi Italia Group considers the breakdown by business area to be more significant. The core business areas are identified based on how the Group is managed, how management responsibilities are attributed and how business reporting is analysed by the management.

(thousands of Euros)		Year ended as at 31 December 2022				
	Wash-hire	Steril B (Linen Sterilisation)	Steril C (Surgical Instruments Sterilisation)	Total	Steril B Adj. (b)	Total Adj. (b)
Revenues from sales and services	206,223	16,161	47,929	270,313	18,503	272,655
Other income	6,515	346	2,739	9,600	346	9,600
Raw materials and materials	(19,296)	(5,442)	(4,497)	(29,235)	(5,442)	(29,235)
Costs for services	(82,087)	(3,519)	(13,559)	(99,165)	(3,519)	(99,165)
Personnel expense	(65,302)	(5,691)	(18,868)	(89,861)	(5,691)	(89,861)
Other costs	(1,165)	(51)	(749)	(1,965)	(51)	(1,965)
<b>EBITDA<sup>(a)</sup></b>	<b>44,888</b>	<b>1,804</b>	<b>12,995</b>	<b>59,687</b>	<b>4,146</b>	<b>62,029</b>
Depreciation, amortisation and impairment	(49,361)	(2,489)	(4,909)	(56,759)	(2,489)	(56,759)
<b>Operating profit (EBIT)</b>	<b>(4,473)</b>	<b>(685)</b>	<b>8,086</b>	<b>2,928</b>	<b>1,657</b>	<b>5,270</b>
Financial income and expense and income and expense from equity investments in other companies				(1,024)		(1,024)
<b>Profit before tax</b>				<b>1,904</b>		<b>4,246</b>
Tax				1,524	(653)	871
<b>Profit (loss) for the year</b>				<b>3,428</b>		<b>5,117</b>
Of which portion attributable to shareholders of the parent				3,833		5,522
Of which portion attributable to non-controlling interests				(405)		(405)

(a) EBITDA is not an accounting measurement under the IFRSs endorsed by the European Union. The Group management has defined EBITDA as the difference between the value of sales and services and operating costs before depreciation, amortisation, impairment and provisions.

(b) The adjusted data do not take into account the lower revenues of Euro 2,342 thousand relating to the allocation made at the end of the year by Servizi Italia S.p.A. in relation to the estimate for the request for coverage relating to the Medical Devices Payback requested by the regions by virtue of the Aid-bis Decree and the respective tax effect of Euro 653 thousand. For further information, please refer to the paragraph "Significant events and transactions" and "Information on ongoing proceedings".

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

(a) EBITDA is not an accounting measurement under the IFRSs endorsed by the European Union. Group management has defined EBITDA as the difference between the value of sales and services and operating costs before depreciation, amortisation, impairment and provisions.



Revenues deriving from **wash-hire services** (which in absolute terms represent 76.3% of the Group's revenues) go from Euro 195,147 thousand in 2021 to Euro 206,223 thousand in 2022, recording an increase of 5.7%, or 6.6% at constant exchange rates, supported by significant growth in the Italian wash-hire sector (+4.3%), 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 by the company Wash Service S.r.l. Revenues in the Brazil area recorded an increase of 16.7% for the period, driven by the appreciation of the Brazilian Real against the Euro (exchange rate effect +17.2%), albeit characterised by a slight decrease in local currency (-0.5%). The Turkish area recorded a growth in local currency of 86.1% offset, however, by a negative exchange rate effect of 88.1% (depreciation of the Turkish Lira against the Euro) which led to a negative change in turnover of 2.0%. In terms of margins, the wash-hire EBITDA margin was 21.8% compared to 24.3% in the previous year, and EBIT margin decreased from -0.5% to -2.2%. The decrease in the margin is attributable to the extraordinary impact of utilities, specifically gas and electricity, whose price effect in terms of margins on the bottom line is equal to 3.8% (the wash-hire segment absorbs 87% of the effect of energy price increases), as well as the consolidation on the Turkey area which, following the impacts of the high inflation recorded in 2022, closed the financial year with negative operating results.

Revenues from linen sterilization services (steril B) (which in absolute terms represent 6.0% of the Group's revenues) went from Euro 18,222 thousand in 2021 to Euro 16,161 thousand in 2022, a decrease of 11.3%, attributable to the allocation related to requests for the settlement of the payback on medical devices for Euro 2,342 thousand, only partially offset by the increase linked to the greater supplies of disposables in the central Italy area. The organic change in the operating segment excluding the impact of the above payback shows growth of 1.5% in 2022. In terms of margins, the linen sterilisation business recorded a decline in the EBITDA margin from 22.3% to 11.2% (or 22.4% adjusted), and the EBIT margin which went from 7.5% to -4.2% (or 9.0% adjusted) as at 31 December 2022.

Revenues from **surgical instrument sterilisation services (steril C)** (which in absolute terms represent 17.7% of the Group's revenues) go from Euro 43,324 thousand in 2021 to Euro 47,929 thousand in 2022, with an increase of 10.6% equal to Euro 4,605 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. In general, it should be noted that growth was driven by the recovery of operations in 2022 compared to the previous financial year. The EBITDA margin went from 30.9% to 27.1% at 31 December 2022, while the EBIT margin went from 17.2% to 16.9% at 31 December 2022.

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

	31 December 2022			
	Wash-hire	Steril B (Linen Sterilisation)	Steril C (Surgical Instruments Sterilisation)	Total
<b>Total revenues from sales and services</b>	<b>206,223</b>	<b>16,161</b>	<b>47,929</b>	<b>270,313</b>
Investments in property, plant and equipment and intangible assets	48,780	1,901	3,692	54,374
Depreciation of property, plant and equipment and amortisation of intangible assets	49,465	2,502	4,934	56,900
Net book value of property, plant and equipment and intangible assets	145,964	3,279	19,319	168,562

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

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

## 6 Statement of Financial Position

### 6.1 Property, plant and equipment

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

(thousands of Euros)	Land and buildings	Plant and machinery	Returnable assets	Equipment	Other assets	Fixed assets under constr.	Total
Historical cost	43,192	153,244	34,477	69,932	157,661	6,573	465,079
Accumulated amortisation	(8,827)	(105,059)	(25,276)	(56,409)	(100,687)	-	(296,258)
<b>Balance as at 1 January 2021</b>	<b>34,365</b>	<b>48,185</b>	<b>9,201</b>	<b>13,523</b>	<b>56,974</b>	<b>6,573</b>	<b>168,821</b>
Translation differences	(165)	(1,809)	12	8	(203)	24	(2,133)
Increases	991	5,944	541	3,395	44,454	3,330	58,655
Decreases	(3,470)	(3,192)	(15)	(399)	(1,701)	(144)	(8,921)
Amortisation	(3,217)	(8,099)	(1,570)	(4,843)	(35,367)	-	(53,096)
Impairments (reinstatements)	-	-	-	-	-	-	-
Reclassifications	1	1,041	243	635	1,089	(3,009)	-
<b>Balance as at 31 December 2021</b>	<b>28,505</b>	<b>42,070</b>	<b>8,412</b>	<b>12,319</b>	<b>65,246</b>	<b>6,774</b>	<b>163,326</b>
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)
<b>Balance as at 31 December 2021</b>	<b>28,505</b>	<b>42,070</b>	<b>8,412</b>	<b>12,319</b>	<b>65,246</b>	<b>6,774</b>	<b>163,326</b>
Translation differences	(62)	(97)	150	101	837	419	1,348
High inflation effects in Turkey	1,088	3,039	-	-	407	-	4,534
Increases	2,729	4,888	446	3,486	39,259	3,018	53,826
Decreases	-	(720)	(16)	(821)	(904)	(155)	(2,616)
Amortisation	(3,365)	(8,182)	(1,558)	(4,355)	(38,179)	-	(55,639)
Impairments (reinstatements)	-	-	-	-	-	-	-
Reclassifications	-	1,536	45	30	139	(1,750)	-
<b>Balance as at 31 December 2022</b>	<b>28,895</b>	<b>42,534</b>	<b>7,479</b>	<b>10,760</b>	<b>66,805</b>	<b>8,306</b>	<b>164,779</b>
Historical cost	42,501	157,759	36,013	69,645	174,735	8,306	488,959
Accumulated amortisation	(13,606)	(115,225)	(28,534)	(58,885)	(107,930)	-	(324,180)
<b>Balance as at 31 December 2022</b>	<b>28,895</b>	<b>42,534</b>	<b>7,479</b>	<b>10,760</b>	<b>66,805</b>	<b>8,306</b>	<b>164,779</b>

The item Translation difference refers to the variations in exchange rates for Brazilian companies (Lavsım Higienizaç o T xtil S.A., Maxlav Lavanderia Especializada S.A., Vida Lavanderias Especializada S.A. and SRI Empreendimentos e Participa  es Ltda. and Aqualav Servi os De Higieniza  o Ltda) and Turkish ones (Ankateks Turizm İn aat Tekstil Temizleme Sanayi ve Ticaret Ltd  irketi, Erg lteks Temizlik Tekstil Ltd. Sti. and Ankateks Tur. Teks. Tem.Sanve TIC. A.s. – Olimpos Laundry Teks.Tem. Hizm. Ve Tur. San. Tic. LTD.Sti IS Ortakligi).

The item “High inflation effect in Turkey” refers to the application of IAS 29 to the historical cost of property, plant and equipment of the company Ankateks Turizm İn aat Tekstil Temizleme Sanayi ve Ticaret Ltd  irketi ed Erg lteks Temizlik Tekstil Ltd. Sti.

Notes on the main changes:

*Land and buildings*

The item Land and Buildings shows an increase of Euro 2,729 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.

*Plant and machinery*

Increases under the item Plant and machinery in 2022 amount to Euro 4,888 thousand and mainly regard investments in plants located throughout Italy for Euro 4,349 thousand, in the plants in Brazil for Euro 372 thousand and in the plants in Turkey for Euro 167 thousand.

The item presents reclassifications during the financial year for plants that came into operation during the financial year for Euro 1,536 thousand, mainly attributable to the Parent Company.

*Returnable assets*

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

The increases mainly relate to redevelopment of the properties where the leased production sites are located and of the wardrobes at Entities, as well as improvements to upgrade the existing plants used for the performance of activities, of which Euro 429 thousand in Italy.

*Industrial and commercial equipment*

Investments recognised under Industrial and commercial equipment in 2022, equal to Euro 3,486 thousand, regard the purchase of equipment for use by the Italian (Euro 3,268 thousand) and Brazilian (Euro 218 thousand).

### Other assets

The item is broken down as follows:

<i>(thousands of Euros)</i>	as at 31 December 2022	as at 31 December 2021
Linens and mattresses	62,562	61,378
Furniture and fixtures	170	203
Electronic machinery	1,598	1,647
Cars	28	31
Motor vehicles	395	477
Telephone switchboards	20	25
Other	868	425
Rights of use for cars and motor vehicles	1,164	1,060
<b>Total</b>	<b>66,805</b>	<b>65,246</b>

As at 31 December 2022, the balance of the item Other assets was equal to Euro 66,805 thousand. The investments made during the financial year mainly derive from purchases of linen and mattresses, which totalled Euro 37,559 thousand, of which Euro 6,583 thousand in Brazil and Euro 30,976 thousand in Italy. These investments allow for increasingly efficient management of the warehouse supplied, so as to deal with both a partial renewal of contracts and a first supply for contracts acquired during the financial year in question.

### Fixed assets in progress

These are primarily investments underway at the end of 2022. During the year, there were increases for Euro 3,018 thousand and completed investments for Euro 1,750 thousand.

<i>(thousands of Euros)</i>	as at 31 December 2022	as at 31 December 2021
Sterilisation centre investments	1,184	633
Laundering facility investments	1,667	1,047
Investments on contracts	1,117	1,462
Investments at production sites in Brazil	4,231	3,613
Investments at production sites in Turkey	107	19
<b>Total</b>	<b>8,306</b>	<b>6,774</b>

Investments for laundries by Servizi Italia S.p.A. and by the Brazilian and Turkish companies mainly regarded the acquisition and/or upgrading of plants and machinery for the washing line.

The investments for sterilization centres made by the Parent Company in 2022 mainly concern the purchase of machinery for the sterilization centres.

Investments in Brazil recorded an increase of Euro 618 thousand during the year and mainly relate to investments in the construction of the sterilization centre located in São Paulo.

The reclassifications of Fixed assets in progress show decreases of Euro 1,750 thousand mainly relating to the Parent Company and attributable to the commissioning of reading portals for wash-hire contracts (Euro 1,120 thousand) and the revision or expansion of existing plants and machinery.

## 6.2 Intangible assets

This item changed as follows:

(thousands of Euros)	Trademarks, software, patents and intellectual property rights	Customer contracts portfolio	Other intangible assets	Fixed assets in progress and payments on account	Total
Historical cost	7,173	8,368	989	125	16,678
Accumulated amortisation	(5,689)	(5,278)	(450)	-	(11,417)
<b>Balance as at 1 January 2021</b>	<b>1,484</b>	<b>3,090</b>	<b>539</b>	<b>125</b>	<b>5,238</b>
Translation differences	(11)	-	2	-	(9)
Increases	547	-	-	230	777
Decreases	(5)	-	-	-	(5)
Amortisation	(688)	(474)	(362)	-	(1,524)
Impairments (reinstatements)	-	-	-	-	-
Reclassifications	15	-	-	(15)	-
<b>Balance as at 31 December 2021</b>	<b>1,342</b>	<b>2,616</b>	<b>179</b>	<b>340</b>	<b>4,477</b>
Historical cost	7,712	8,368	991	340	17,411
Accumulated amortisation	(6,370)	(5,752)	(812)	-	(12,934)
<b>Balance as at 31 December 2021</b>	<b>1,342</b>	<b>2,616</b>	<b>179</b>	<b>340</b>	<b>4,477</b>
Translation differences	11	-	25	-	36
High inflation effect in Turkey	1	-	-	-	1
Increases	433	-	-	122	555
Decreases	-	-	-	(4)	(4)
Amortisation	(729)	(449)	(104)	-	(1282)
Impairments (reinstatements)	-	-	-	-	-
Reclassifications	173	-	-	(173)	-
<b>Balance as at 31 December 2022</b>	<b>1231</b>	<b>2167</b>	<b>100</b>	<b>285</b>	<b>3783</b>
Historical cost	8,358	8,367	500	285	17,510
Accumulated amortisation	(7,127)	(6,200)	(400)	-	(13,727)
<b>Balance as at 31 December 2022</b>	<b>1,231</b>	<b>2,167</b>	<b>100</b>	<b>285</b>	<b>3,783</b>

The item Trademarks, Software, Patents and Intellectual Property Rights represents software purchases for Euro 433 thousand (of which Euro 399 thousand relative to the Parent Company).

## 6.3 Goodwill

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

Goodwill is allocated by geographical area as follows:

(thousands of Euros)	as at 31 December 2021	Increases/ (Decreases)	Translation differences	as at 31 December 2022
CGU Italy	51,668	-	-	51,668
CGU Turkey	4,497	-	(1,066)	3,431
CGU Brazil	6,519	-	776	7,295
<b>Total</b>	<b>62,684</b>	<b>-</b>	<b>(290)</b>	<b>62,394</b>

The change in the financial year is attributable to exchange differences from the translation into Euros of goodwill arising from acquisitions in Brazil and Turkey.

With the exception of the portion of goodwill relating to CGU Steritek (surgical instrument sterilisation operating segment), all other goodwill is included in the wash hire operating segment, as defined for the purposes of the sector reporting required by IFRS 8.

The impairment test is carried out by comparing the overall book value of each goodwill and total net assets, that are autonomously able to produce cash flows (CGU) and to which said value can be reasonably allocable, with the greater value between the one used for the CGU and the value that is recoverable through sale. In detail, the value in use is determined by applying the “discounted cash flow” method, discounting back the operating flows emerging from economic-financial projections relating to a period of five years. The long-term plans, which have been used for the impairment tests, were approved in advance by the Boards of Directors of the subsidiaries and/or by the parent company Servizi Italia S.p.A. The basic hypotheses of the plans used reflect past experience, the information gathered at the time of acquisition on the Brazilian/Turkish markets and are consistent with the available external sources of information. The Group has taken into consideration, with reference to the period in question, the expected performance resulting from the business plan set up for the 2023-2027 period. The terminal value is determined by applying a perpetual growth factor of 2.00% (IMF, October 2022) for the Italy CGU, of 3.03% (IMF, October 2022) for the Brazil CGU and 15.02% (IMF, October 2022) for the Turkey CGU to the operating cash flow relating to the last year of the plan appropriately normalised (these rates are essentially representative on the one hand of the inflation rate expected in Italy, Brazil and Turkey to which the prices of services offered are indexed). The discount rate used to discount the cash flows of the CGUs located in Italy are 7.86% (5.99% in the previous financial year), 11.91% for the Brazil CGU (9.66% in the previous financial year) and 26.12% for the Turkey CGU (20.02% in the previous financial year). These rates reflect the current valuations of the market with reference to the current value of money and the specific risks associated with the activities. The discount rates have been estimated, after taxes, on a consistent basis with the cash flows considered, by means of the determination of the weighted average cost of the capital (WACC).

A sensitivity analysis was carried out on the recoverability of the book value of goodwill amounts based on changes in the main assumptions that were used to calculate the value in use, also in consideration of the prudent approach used to select the above financial parameters. The analysis carried out showed that, to make the book value equal to the recoverable value, the following would be necessary:

- for the Servizi Italia CGU: (i) a growth rate for the terminal values of -0.82 percentage points or (ii) a WACC of 9.92 percentage points or (iii) an annual reduction in the reference EBIT of 27.77%, all the while maintaining the other assumptions of the plan unchanged;
- for the Steritek CGU: (i) a growth rate for the terminal values of -28.23 percentage points or (ii) a WACC of 20.17 percentage points or (iii) an annual reduction in the reference EBIT of 69.15%, all the while maintaining the other assumptions of the plan unchanged;
- for the Wash Service CGU: (i) a growth rate for the terminal values of -0.38 percentage points or (ii) a WACC of 9.63 percentage points or (iii) an annual reduction in the reference EBIT of 25.58%, all the while maintaining the other assumptions of the plan unchanged;
- for the Ekolav CGU: (i) a growth rate for the terminal values of -2.40 percentage points or (ii) a WACC of 10.82 percentage points or (iii) an annual reduction in the reference EBIT of 36.98%, all the while maintaining the other assumptions of the plan unchanged;
- for the Brazil CGU, in order to make the book value equal to the recoverable value, the following would be necessary: (i) a growth rate for the terminal values of -1.33 percentage points or (ii) a WACC of 14.65 percentage points or (iii) a 27.26% annual reduction of the reference EBIT, keeping the other assumptions of the plan unchanged;



- for the Turkey CGU, in order to make the book value equal to the recoverable value, the following would be necessary: (i) a growth rate for the terminal values of 9.09 percentage points or (ii) a WACC of 29.87 percentage points or (iii) a 27.59% annual reduction of the reference EBIT, keeping the other assumptions of the plan unchanged.

With reference to 31 December 2022 and the previous financial years, the impairment tests carried out did not reveal any impairments to be booked to the recorded goodwill.

#### 6.4 Equity-accounted investments

The value of equity-accounted investments changed as follows:

(thousands of Euros)	1 January 2022	Increases/ Decreases	Reclassifications	OCI changes	Revaluations/ Impairment	Translation differences	31 December 2022
Saniservice Sh.p.k.	135	-	-	-	455	25	615
Finanza & Progetti S.p.A.	12,630	-	-	2,531	2,234	-	17,395
Brixia S.r.l.	2,506	-	-	-	(107)	-	2,399
Arezzo Servizi S.c.r.l.	5	-	-	-	-	-	5
PSIS S.r.l.	4,056	-	-	-	366	-	4,422
Steril Piemonte S.c.r.l.	1,980	-	-	-	6	-	1,986
AMG S.r.l.	2,375	(91)	-	-	88	-	2,372
Iniziativa Produttive Piemontesi S.r.l.	1,174	-	-	-	55	-	1,229
Piemonte Servizi Sanitari S.c.r.l.	3	-	-	-	-	-	3
Servizi Sanitari Integrati Marocco S.a.r.l.	183	-	-	-	56	(13)	226
SAS Sterilizasyon Servisleri A.Ş.	897	-	-	-	76	(210)	763
Shubhram Hospital Solutions Private Limited	(2,498)	-	-	-	(1,072)	177	(3,393)
Sanitary cleaning Sh.p.k.	1,542	-	-	-	24	86	1,652
<b>Total</b>	<b>24,988</b>	<b>(91)</b>	<b>-</b>	<b>2,531</b>	<b>2,181</b>	<b>65</b>	<b>29,674</b>
of which recognised among provisions for risk and charges	(2,498)	-	-	-	(1,072)	177	(3,393)
of which recognised among equity-accounted investments	27,486	(91)	-	2,531	3,253	(112)	33,067

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

It should be noted that the negative results recorded in the financial year by Shubhram Hospital Solutions Private Limited for Euro 1,072 thousand is mainly attributable to the temporary slowdown in operating activities as well as to the significant impact of the Rupee depreciation against the Euro which led to exchange losses for Euro 654 thousand.

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

The item OCI changes, positive for Euro 2,531 thousand, corresponds the portion attributable to the Servizi Italia Group, within the scope of application of the equity method, of the change in fair value of hedging derivatives subscribed by the company Ospedal Grando S.p.A. (subsidiary of associate company Finanza e Progetti S.p.A.).

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

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

The total values of the current and non-current assets, current and non-current liabilities, revenues, costs and profit/loss of the equity investments carried at equity are shown below:

(thousands of Euros)	Currency	Shareholder's equity	Non-current assets	Current assets	Non-current liabilities	Current liabilities	Revenues	Costs	Profit/(Loss)
SAS Sterilizasyon Servisleri A.Ş.	TRY	29,850	40,704	19,123	-	29,977	65,124	(61,968)	3,156
Saniservice Sh.p.k.	LEK	234,744	1,339,631	422,623	-	1,527,510	1,505,809	(1,325,561)	180,248
Shubhram Hospital Solutions Private Limited	INR	(586,564)	819,996	151,306	293,774	1,264,092	332,358	(506,211)	(173,853)
Finanza & Progetti S.p.A.	EUR	35,096	157,878	31,356	2,224	151,914	62,881	(56,856)	6,025
Arezzo Servizi S.c.r.l.	EUR	10	477	1,339	-	1,806	2,604	(2,604)	-
PSIS S.r.l.	EUR	8,845	9,350	3,820	1,703	2,622	8,207	(7,473)	734
Steril Piemonte S.c.r.l.	EUR	3,972	1,636	2,399	-	63	648	(636)	12
AMG S.r.l.	EUR	2,652	1,874	2,704	678	1,248	4,441	(4,265)	176
Iniziativa Produttive Piemontesi S.r.l.	EUR	2,015	617	5,589	840	3,351	6,087	(5,941)	146
Brixia S.r.l.	EUR	74	-	5,746	-	5,746	20,074	(20,061)	13
Servizi Sanitari Integrati Marocco S.a.r.l.	MAD	3,983	500	3,570	-	87	1,220	(38)	1,182
Piemonte Servizi Sanitari s.c.r.l.	EUR	10	750	2,067	158	2,649	1,566	(1,566)	-
Sanitary Cleaning Sh.p.k.	LEK	99,581	13,307	117,909	-	31,635	94,430	(87,352)	7,078

The overall values of cash and cash equivalents, current and non-current financial liabilities, impairments and amortisation/depreciation, interest income, interest expense and income taxes of the jointly-controlled companies as at 31 December 2022 are presented below:

(thousands)	Currency	Cash and cash equivalents	Current fin. liabilities	Non-current fin. liabilities	Impairments and amortisation/depreciation	Interest income	Interest expense	Income taxes
SAS Sterilizasyon Servisleri A.Ş.	TRY	771	23,582	-	6,021	65	-	305
Shubhram Hospital Solutions Private Limited	INR	12,119	1,178,651	293,774	148,850	1,316	44,512	507
Saniservice Sh.p.k.	LEK	135,698	778,322	-	393,897	-	52,366	41,087
Servizi Sanitari Integrati Marocco S.a.r.l.	MAD	2,890	-	-	-	1	2	6
Finanza & Progetti S.p.A.	EUR	23,356	64,311	-	-	375	2,898	2,521
Arezzo Servizi S.c.r.l.	EUR	1	99	-	254	-	12	10
PSIS S.r.l.	EUR	624	-	-	937	2	12	(3)
Sanitary Cleaning Sh.p.k.	LEK	7,350	-	-	3,235	-	46	1,347
Steril Piemonte S.c.r.l.	EUR	611	-	-	595	-	-	-
AMG S.r.l.	EUR	387	-	-	368	1	1	77

### 6.5 Equity investments in other companies

The item changed as follows in 2022:

(thousands of Euros)	31-Dec-2021	Increases	Impairments/Decreases	31-Dec-2022
Asolo Hospital Service S.p.A.	66	-	-	66
Prosa S.p.A.	462	-	-	462
PROG.ESTE S.p.A.	1,212	-	-	1,212
Progeni S.p.A.	76	-	-	76
Sesamo S.p.A.	353	-	-	353
Synchron Nuovo San Gerardo S.p.A.	344	-	-	344
Spv Arena Sanità	278	-	-	278
Futura S.r.l.	89	-	(80)	9

CNS – Consorzio Nazionale Servizi Soc. Coop. a r.l	63	-	-	63
Skopster Doo Skopje	288	-	(112)	176
Other	74	-	-	74
<b>Total</b>	<b>3,305</b>	<b>-</b>	<b>(192)</b>	<b>3,113</b>

The decreases recorded, in addition to the write-down of the book value of the equity investment in Shubhram, refer to the sale of 0.9% of the shares held in Futura S.r.l. and the reclassification in short-term financial receivables of the fair value of the shares of the company Skopster Doo Skopje subject to sale in the next 12 months.

Equity investments in other companies relate to investments of a strategic and production nature, all of which are in fact held in relation to the management of contracts or licenses. These equity investments have been valued at purchase or founding cost, since there is no active market for these securities which, for the most part, cannot even be freely transferred to third parties given that they are subject to rules and agreements which in fact prevent free circulation. This valuation method is in any case believed to approximate the fair value of each investment.

The total values of the assets, liabilities, revenues and profit/loss, on the basis of the last set of available financial statements, of the main equity investments in other companies held by the Company are presented below, along with related equity investment held as at 31 December 2022:

(thousands of Euros)	Registered office	Assets	Liabilities	Revenues	Profit/ (Loss)	Interest of equity investment
Asolo Hospital Service S.p.A.	Asolo (Treviso)	84,269	72,969	39,848	3,434	1.00%
Prosa S.p.A.	Carpi (Modena)	7,581	1,977	1,567	765	13.20%
Progeni S.p.A.	Milan	234,837	230,101	45,933	585	0.76%
Sesamo S.p.A.	Carpi (Modena)	30,455	25,196	19,981	1,215	12.17%
Prog.este. S.p.A.	Carpi (Modena)	203,580	198,164	43,698	68	10.14%

## 6.6 Non-current financial receivables

The item in question changed as follows in 2022:

(thousands of Euros)	as at 31 December 2022	as at 31 December 2021
Sesamo S.p.A.	-	-
Piemonte Servizi Sanitari S.c.r.l.	158	158
Progeni S.p.A.	-	-
Prog.Este S.p.A.	531	531
Saniservice Sh.p.K.	-	769
Summano Sanità S.p.A.	2	2
Futura S.r.l.	-	-
Arena Sanità S.p.A.	244	244
IDS MED Servizi Pte	-	386
Skopster DOO Skopje	-	-
Synchron S.p.A.	169	169
Shubhram Hospital Solutions Private Limited	1779	367
Finanza e Progetti S.p.A.	2,620	1,120
<b>Total</b>	<b>5,503</b>	<b>3,746</b>

Financial receivables refer to the interest-bearing loans granted to the companies Prog.Este. S.p.A. (rate equal to 7.46%), Summano Sanità S.p.A. (rate equal to 6.50%), Arena Sanità S.p.A. (rate 3.7% plus 6-month Euribor) and Synchron S.p.A. (rate 8%) and Finanza e Progetti S.p.A. (rate 9.0%), with a term equal to the global service agreements for which the companies were established (expiring on 31 December 2031, 30 June 2031, 20 August 2032, 31 July 2044 and 31 December 2032 respectively), as well as the

loans granted to the investee company Piemonte Servizi Sanitari S.c.r.l. The increase of Euro 1,757 thousand mainly relates to the subscription of equity instruments with the company Shubhram Hospital Solutions Private Limited for Euro 1,413 thousand, as well as the increase in the shareholder loan in favour of Finanza e Progetti S.p.A. for Euro 1,500 thousand. It should also be noted that in 2022, by virtue of the agreements entered into between the parties, the right to sell to Servizi Italia S.p.A. with reference to the 5% of the shares held in the company IDSMED Servizi Pte was exercised in advance, and they were sold for a consideration of Euro 430 thousand.

### 6.7 Deferred tax assets

This item changed as follows:

<i>(thousands of Euros)</i>	Share capital increase costs	Leasing contracts	Property, plant and equipment	Employee benefits	Previous tax losses/"AC E" carried forward	Other costs with deferred deductibility	Total
<b>Deferred taxes as at 1 January 2021</b>	<b>10</b>	<b>327</b>	<b>626</b>	<b>219</b>	<b>6,144</b>	<b>765</b>	<b>8,091</b>
Changes recognised in the income statement	(2)	85	(58)	(65)	320	50	330
Changes recognised in other comprehensive income	-	(3)	-	(2)	-	(67)	(72)
<b>Deferred taxes as at 31 December 2021</b>	<b>8</b>	<b>409</b>	<b>568</b>	<b>152</b>	<b>6,464</b>	<b>748</b>	<b>8,349</b>
Changes recognised in the income statement	(5)	77	(14)	(32)	2,366	646	3,038
Changes recognised in other comprehensive income	-	10	-	(120)	-	32	(78)
<b>Deferred tax assets as at 31 December 2022</b>	<b>3</b>	<b>496</b>	<b>554</b>	<b>-</b>	<b>8,830</b>	<b>1,426</b>	<b>11,309</b>

Deferred tax assets referring to property, plant and equipment represent the deferred taxation related to the ordinary process of depreciation of the linen. The prepaid tax assets on tax losses increased mainly due to the tax losses pertaining to the Parent Company, certain Italian subsidiaries and the Turkish company Ankateks Turizm İnşaat Tekstil Temizleme Sanayi ve Ticaret Ltd Şirketi. The prepaid tax assets on tax losses are recoverable with the taxable income forecasts in the business plans prepared for the different CGUs for the 2023-2027 period and already used for impairment testing purposes.

### 6.8 Other non-current assets

The item is broken down as follows:

<i>(thousands of Euros)</i>	as at 31 December 2022	as at 31 December 2021
Substitute tax Italian Decree Law 185/2008 subsequent years	1,219	1,931
Aqualav receivable in escrow account	1,422	1,271
Other non-current assets	313	293
<b>Total</b>	<b>2,954</b>	<b>3,495</b>

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

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

## 6.9 Inventories

Inventories at year-end primarily included disposable washing products, chemical products, packaging, spare parts and consumables. As at 31 December 2022, the inventory write-down provision amounted to Euro 99 thousand.

## 6.10 Trade receivables

The item is broken down as follows:

<i>(thousands of Euros)</i>	as at 31 December 2022	as at 31 December 2021
Due from third parties	60,051	58,638
Due from associates and jointly-controlled companies	6,624	5,911
Due from parent company	114	78
Receivables from companies under the control of the parent companies	730	512
<b>Total</b>	<b>67,519</b>	<b>65,139</b>

### *Trade receivables due from third parties*

The item is broken down as follows:

<i>(thousands of Euros)</i>	as at 31 December 2022	as at 31 December 2021
Due from customers	65,571	64,504
Bad debt provision	(5,519)	(5,866)
<b>Total</b>	<b>60,052</b>	<b>58,638</b>

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

- trade receivables were assigned without recourse to Credem Factor S.p.A. for a total of Euro 17,345 thousand, in exchange for a consideration equal to Euro 17,267 thousand;
- trade receivables were assigned without recourse to Unicredit Factoring S.p.A. for a total of Euro 34,919 thousand, in exchange for a consideration equal to Euro 34,769 thousand.
- trade receivables were assigned without recourse to Ifitalia S.p.A. for a total of Euro 24,473 thousand, in exchange for a consideration equal to Euro 24,405 thousand;
- trade receivables were assigned without recourse to BPER Factor S.p.A. for a total of Euro 20,156 thousand, in exchange for a consideration equal to Euro 20,103 thousand;
- trade receivables were assigned without recourse to Banca IFIS for a total of Euro 549 thousand, in exchange for a consideration equal to Euro 540 thousand.

The bad debt provision changed as follows in 2021 and 2022:

<i>(thousands of Euros)</i>	
<b>Balance as at 1 January 2021</b>	<b>5,798</b>
Utilisations	(145)
Adjustments	(14)
Provisions	227
<b>Balance as at 31 December 2021</b>	<b>5,866</b>
Utilisations	(641)
Adjustments	(25)
Provisions	319
<b>Balance as at 31 December 2022</b>	<b>5,519</b>

### *Trade receivables due from associates, jointly-controlled companies and parent company*

The balance as at 31 December 2022 of trade receivables due from associates and jointly-controlled companies, equal to Euro 6,624 thousand, consists of trade receivables mainly from the companies Ospedal Grando S.p.A. for Euro 3,804 thousand and Saniservice Sh.p.k. for Euro 1,328 thousand. Furthermore, there is a credit balance due from the parent company Coopservice Soc.Coop. p.A. for Euro 114 thousand and a balance of Euro 730 thousand from companies under the control of parent companies.

### 6.11 Current tax receivables

The item is broken down as follows:

(thousands of Euros)	as at 31 December 2022	as at 31 December 2021
Tax receivables	2,086	1,872
<b>Total</b>	<b>2,086</b>	<b>1,872</b>

This item mainly includes the amount exceeding the receivables for advances on the current taxes of 2022, net of related tax payables.

### 6.12 Current financial receivables

The item in question changed as follows in 2022:

(thousands of Euros)	as at 31 December 2022	as at 31 December 2021
Asolo Hospital Service S.p.A.	264	253
P.S.I.S. S.r.l.	5	529
Arezzo Servizi S.c.r.l.	484	402
Iniziativa Produttive Piemontesi S.r.l.	53	53
Gesteam S.r.l.	326	312
Skopster DOO Skopje	112	202
Saniservice Sh.p.k.	3,918	3,372
Coopservice Soc. Coop.	-	481
Finanza e Progetti S.p.A.	234	-
Shubhram Hospital Solutions Private Limited	107	-
Ankor	1,099	-
Other	478	483
<b>Total</b>	<b>7,080</b>	<b>6,087</b>

Financial receivables are for loans granted to the companies indicated above, which are due within the financial year or repayable on demand. The change compared to 31 December 2021 is mainly due to the receivable due to the company Ankateks Turizm İnşaat Tekstil Temizleme Sanayi ve Ticaret Ltd Şirketi from the minority shareholder Ankor for the payment of the residual part of the subscribed share capital. The full repayment of the nominal value of the financial receivable from P.S.I.S. S.r.l. during the financial year.

### 6.13 Other current assets

The item is broken down as follows:

(thousands of Euros)	as at 31 December 2022	as at 31 December 2021
Receivables from others	10,954	8,034
Deferred income	1,569	1,360
Guarantee deposits receivable	203	191
Accrued income	6	-
<b>Total</b>	<b>12,732</b>	<b>9,585</b>

The item Receivables from others is composed of the receivables of the subsidiary San Martino 2000 from the consortium company Servizi Ospedalieri S.p.A. in the amount of Euro 1,609 thousand, the VAT receivable for Euro 4,729 thousand (Euro 4,711 thousand as at 31 December 2021) and, for the remaining part, mainly by advances and receivables from social security and welfare institutions, all collectable within the year. The item Deferred income relates to rentals and insurance premiums that were recognised at the beginning of the year. The item Guarantee deposits refers to energy utilities and rentals.

#### 6.14 Cash and cash equivalents

The item is broken down as follows:

<i>(thousands of Euros)</i>	as at 31 December 2022	as at 31 December 2021
Bank and postal deposits	18,141	3,196
Cheques	-	-
Cash in hand	24	21
<b>Total</b>	<b>18,165</b>	<b>3,217</b>

Cash and cash equivalents increased from Euro 3,217 thousand as at 31 December 2021 to Euro 18,165 thousand as at 31 December 2022, recording an increase of Euro 14,948 thousand. The increase is attributable to the taking out, with SACE guarantee, of the loan agreement entered into by the Parent Company with Banca Monte dei Paschi di Siena S.p.A. in the last days of 2022; this liquidity was used mainly in January 2023 to support operating activities.

#### 6.15 Shareholders' equity

##### *Share Capital and reserves*

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

In 2022, the Parent Company purchased 376,943 treasury shares for Euro 613 thousand, equal to 1.93% of the share capital, with an average purchase price of Euro 1.63 per share. Following these transactions, as at the 31 December 2022 the Parent Company held 2,377,351 treasury shares, accounting for 7.47% of the share capital, equal to Euro 6,007 thousand, was classified as a decrease to share capital for their nominal value, equal to Euro 2,377 thousand, and the value exceeding the nominal amount, totalling Euro 3,630 thousand, was recognised as a reduction in the share premium reserve.

There was also a positive effect, referred to the financial year, for Euro 2,345 thousand, on the Group's translation reserves for the assets of subsidiaries consolidated with the equity method that prepare their financial statements in foreign currency. The effect relates to the revaluation of the Brazilian Real (for Euro 3,826 thousand) and the devaluation of the Turkish Lira (for Euro 1,546 thousand) and the translation change relating to foreign companies valued according to the equity method (for Euro 65 thousand).

Other reserves increased due to the allocation of the 2021 profit of the Company as per the resolution of the shareholders' meeting held on 20 April 2022. In 2022, the effect related to high inflation in Turkey following the adoption of IAS 29 was also recorded for Euro 3,152 thousand.



Following the identification of a differential between the market capitalization and the shareholders' equity of the Group as at 31 December 2022, taking note of the same as an impairment indicator, the management considered it reasonable to carry out, as recommended by the best valuation practices, a level II impairment test.

The Level II impairment test determined an Enterprise Value that shows the complete recoverability of the assets of the Servizi Italia Group.

### 6.16 Due to banks and other lenders

The item is broken down as follows:

(thousands of Euros)	as at 31 December 2022			as at 31 December 2021		
	Current	Non-current	Total	Current	Non-current	Total
Due to banks	78,354	35,262	113,616	72,833	31,398	104,231
Due to other lenders	3,406	27,222	30,628	3,418	27,352	30,770
<b>Total</b>	<b>81,760</b>	<b>62,484</b>	<b>144,244</b>	<b>76,251</b>	<b>58,750</b>	<b>135,001</b>

#### Due to banks

The portion of the payable falling due within 12 months relating to the item Due to banks as at 31 December 2022 presents an increase with respect to 31 December 2021 of Euro 5,521 thousand. This increase was primarily caused by greater recourse to self-liquidating credit lines and to the reclassification of current mortgage instalments.

The portion of the payable falling due beyond 12 months related to the item Due to banks as at 31 December 2022 increased with respect to 31 December 2021 by Euro 3,864 thousand. This increase is related to the reclassification to short-term of the loan instalments due within the subsequent 12 months and to the stipulation of new unsecured loans with Unicredit S.p.A. for Euro 15,000 thousand (residual borrowing due after 12 months equal to Euro 8,750 thousand) and Banca Monte dei Paschi di Siena S.p.A. for Euro 15,000 thousand (residual borrowing due after 12 months equal to Euro 15,000 thousand), aimed at maintaining a proper balance between short and medium-term debt.

#### Financial covenants

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

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

Note that the Net Financial Position (NFP) and EBITDA envisaged by the loan agreements represent alternative performance indicators not defined by the reference accounting standards and may therefore differ from the similar figures defined by management of Servizi Italia and reported in the financial disclosures. As at 31 December 2022, all covenants had been met.

Due to banks are shown below by maturity:

<i>(thousands of Euros)</i>	as at 31 December 2022	as at 31 December 2021
Maturity less than or equal to 6 months	64,093	52,953
Maturity between 6 and 12 months	14,261	19,880
Maturity between 1 and 5 years	32,449	31,398
More than 5 years	2,813	-
<b>Total</b>	<b>113,616</b>	<b>104,231</b>

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

<i>(thousands of Euros)</i>	as at 31 December 2022	as at 31 December 2021
1 to 2 years	16,640	20,024
Maturity between 2 and 5 years	15,809	11,374
More than 5 years	2,813	-
<b>Total</b>	<b>35,262</b>	<b>31,398</b>

The average effective interest rates as at 31 December 2022 were as follows:

	as at 31 December 2022	as at 31 December 2021
Advances on invoices	0.95%	0.42%
Bank loan	3.24%	3.10%

#### *Due to other lenders*

Due to other lenders as at 31 December 2022, for the current portion, mainly include payables relating to foreign operations for a total of Euro 36 thousand and the effects of the adoption of IFRS 16 for Euro 3,360 thousand.

The non-current portion of the balance as at 31 December 2022 is attributable to the application of IFRS 16 for Euro 27,222 thousand.

Due to other lenders are broken down by maturity below:

<i>(thousands of Euros)</i>	as at 31 December 2022	as at 31 December 2021
Maturity less than or equal to 6 months	2,218	2,196
Maturity between 6 and 12 months	1,188	1,222
Maturity between 1 and 5 years	12,063	11,435
More than 5 years	15,159	15,917
<b>Total</b>	<b>30,628</b>	<b>30,770</b>

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

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

<i>(thousands of Euros)</i>	as at 31 December 2022	as at 31 December 2021
1 to 2 years	3,252	3,058
Maturity between 2 and 5 years	8,811	8,377
More than 5 years	15,159	15,917
<b>Total</b>	<b>27,222</b>	<b>27,352</b>

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

(thousands of Euros)	as at 31 December 2022	as at 31 December 2021
Floating rate	-	-
Fixed rate	45	198
<i>Incremental Borrowing Rate</i>	30,582	30,572
<b>Total</b>	<b>30,628</b>	<b>30,770</b>

### 6.17 Deferred tax liabilities

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

(thousands of Euros)	Property, plant and equipment and intangible assets	Equity investments	Goodwill	Other	Inflation effect in Turkey	Total
<b>Deferred tax liabilities as at 1 January 2021</b>	<b>741</b>	<b>89</b>	<b>1,645</b>	<b>25</b>	-	<b>2,500</b>
Changes recognised in the income statement	(265)	(78)	38	(14)	-	(319)
Changes recognised in other comprehensive income	(74)	-	-	-	-	(74)
<b>Deferred tax liabilities as at 31 December 2021</b>	<b>402</b>	<b>11</b>	<b>1,683</b>	<b>11</b>	-	<b>2,107</b>
Changes recognised in the income statement	(25)	(8)	38	(11)	220	214
Changes recognised in equity	-	-	-	-	577	577
Changes recognised in other comprehensive income	(28)	-	-	-	-	(28)
<b>Deferred tax liabilities as at 31 December 2022</b>	<b>349</b>	<b>3</b>	<b>1,721</b>	-	<b>797</b>	<b>2,870</b>

### 6.18 Employee benefits

This item changed as follows:

(thousands of Euros)	2022	2021
<b>Initial balance as at 1 January</b>	<b>9,057</b>	<b>9,649</b>
Translation differences	(31)	(84)
Provision	593	475
Financial expenses	31	(9)
Actuarial (gains)/losses	(500)	(2)
Transfers (to)/from other provisions	-	(6)
(Payments)	(1,095)	(966)
(Reclassifications)	-	-
<b>Final balance as at 31 December</b>	<b>8,055</b>	<b>9,057</b>

The item includes the Provision for Employee Severance Indemnity recognised to the employees of Italian group companies and identified as a defined benefit plan.

#### Financial hypotheses adopted

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

	2022	2021
Technical annual discounting back rate	3.63%	0.44%
Annual inflation rate	5.9% for 2023, 2.3% for 2024, 2.0% from 2025	1.20%
Annual growth rate of the employee severance indemnity	5.9% for 2023, 3.2% for 2024, 3.0% from 2025	2.40%

With regard to the discount rate, the iBoxx Eurozone Corporates AA 7 - 10 index as of the valuation date was taken as reference for the valuation of this parameter. The duration of the liability is 8 years. For the choice of the annual inflation rate, reference was made to the Update Note to the 2022 DEF (NADEF 2022) published on 4 November 2022, which shows the value of the consumption deflator for

the years 2023, 2024 and 2025 equal respectively to 5.9%, 2.3% and 2.0%. On the basis of what has been indicated above and of the current inflationary trend, it was deemed appropriate to use the indicated rates and, starting from 2026, a constant rate of 2.0%.

#### Demographic hypotheses adopted

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

Further to the supplementary welfare reform as per Italian Legislative Decree no. 252 dated 5 December 2005, for employees who have decided to allocate the employee severance indemnity as from 1 January 2007 to the INPS Treasury Fund, the advances as per Article 2120 of the Italian Civil Code are calculated on the entire value of the employee severance indemnity provision accrued by the worker. These advances are disbursed by the employer within the limits of the capacity of the amounts accrued by virtue of the provisions made up until 31 December 2006. If the amount of the advance is not covered by the amount accrued care of the employer, the difference is disbursed by the Treasury Fund set up care of INPS.

With regard to the matters set forth above, solely for employees who have complied with the Treasury Fund and who have not requested advances on the employee severance indemnity, corrections have been made in the actuarial valuations increasing the requested percentage to be applied to the Fund accrued as at 31 December 2006 and revalued until the calculation date.

#### Sensitivity analysis

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

(thousands of Euros)	Discount rate		Inflation rate		Duration	
	+0.50%	-0.50%	+0.25%	-0.25%	+1 year	-1 year
Change in liabilities	(174)	+183	+103	(101)	(49)	+39

#### 6.19 Provisions for risks and charges

The item is broken down as follows:

(thousands of Euros)	as at 31 December 2022	as at 31 December 2021
Opening balance	6,360	6,327
Provisions	3,554	1,884
Payments/resolutions	(1,439)	(2,008)
Translation differences	8	157
Closing balance	8,483	6,360

The provision for risks went from Euro 6,360 thousand as at 31 December 2021 to Euro 8,483 thousand as at 31 December 2021. Provisions were made for Euro 3,554 thousand, of which Euro 2,342 thousand related to the estimates pertaining to the medical devices Payback measure. The provision derives from the best estimate available to date in relation to the actions promoted by the Company in the current appeal with respect to what has been requested for the period 2015-2018 and also considering the 2019-2022 time frame. As extensively argued in the paragraph “Information on ongoing proceedings”, the Company has launched an appeal with regard to the Payback requests relief put forward to date by the Regions, in the appropriate courts.

The uses for the year in part concern the partial reversal of the provision for onerous contracts (as at 31 December 2022 equal to Euro 395 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 625 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. The remaining part of the uses for the year is attributable to the use of the provision allocated for the restructuring project with regard to the Ariccia plant, amounting to Euro 754 thousand.

The item also includes the provision for coverage of losses on equity investments for Euro 3,393 thousand, which refers to the valuation through equity method of the investment in Shubhram Hospital Solutions Private Limited, and corresponds to the portion of the losses exceeding the value of the equity investment that will be covered in consideration of the commitments assumed with the local partner for the development of business in the Indian market. In addition to the above, it should be noted that, with regard to what is already indicated in the paragraph “Information on ongoing proceedings”, the Parent Company, having carried out the appropriate checks, has decided not to make any further provisions in the financial statements for the cases in question.

## 6.20 Other non-current financial liabilities

The item is broken down as follows:

<i>(thousands of Euros)</i>	as at 31 December 2022	as at 31 December 2021
Payable for Steritek S.p.A. put option	456	-
Payable for Wash Service S.r.l. put option	395	388
<b>Total</b>	<b>851</b>	<b>388</b>

The change in non-current financial liabilities 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.

## 6.21 Trade payables

The item is broken down as follows:

<i>(thousands of Euros)</i>	as at 31 December 2022	as at 31 December 2021
Due to suppliers	77,936	68,931
Due to associates and jointly-controlled companies	1,974	1,843
Due to parent company	5,167	4,703
Due to companies under the control of the parent companies	-	208
<b>Total</b>	<b>85,077</b>	<b>75,685</b>

### *Due to suppliers*

The balance as at 31 December 2022 refers entirely to trade payables due within 12 months. The increase in trade payables is attributable to more favourable payment extensions granted by suppliers in 2022.

### *Due to associates and jointly-controlled companies*

The balance as at 31 December 2022 is composed mainly of trade payables due to the companies AMG S.r.l. for Euro 450 thousand, Arezzo Servizi S.c.r.l. for Euro 565 thousand and Piemonte Servizi Sanitari S.c.r.l. for Euro 541 thousand and Iniziative Produttive Piemontesi S.r.l. for Euro 177 thousand.

### *Due to parent company*

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

### **6.22 Current tax payables**

The item is broken down as follows:

<i>(thousands of Euros)</i>	as at 31 December 2022	as at 31 December 2021
Tax receivables	(386)	(560)
Tax payables	412	836
<b>Total</b>	<b>26</b>	<b>276</b>

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

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

The item is broken down as follows:

<i>(thousands of Euros)</i>	as at 31 December 2022	as at 31 December 2021
Payable to Area S.r.l.	-	200
Deferred price Aqualav Serviços De Higienização Ltda	13	12
Payable for Steritek S.p.A. put option	-	1,843
Payables to Wash Service S.r.l. shareholders	-	399
<b>Total</b>	<b>13</b>	<b>2,454</b>

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.

### **6.24 Other current payables**

The table below provides a breakdown of other current liabilities:

<i>(thousands of Euros)</i>	as at 31 December 2022	as at 31 December 2021
Deferred income and accrued expenses	714	278
Payables due to social security and welfare institutions	4,630	5,202
Other payables	14,601	13,249
<b>Total</b>	<b>19,945</b>	<b>18,729</b>

### *Payables due to social security and welfare institutions*

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

#### Other payables

The item is broken down as follows:

(thousands of Euros)	as at 31 December 2022	as at 31 December 2021
Due to employees	10,916	9,723
Employee/professional IRPEF (personal income tax) payable	2,791	2,741
Other payables	894	785
<b>Total</b>	<b>14,601</b>	<b>13,249</b>

#### 6.25 Net financial debt

The Group's net financial debt as at 31 December 2021 and as at 31 December 2022 is shown below:

(thousands of Euros)	as at 31 December 2022	as at 31 December 2021
Cash and cash equivalents in hand	24	21
Cash at bank	18,141	3,196
<b>Cash and cash equivalents</b>	<b>18,165</b>	<b>3,217</b>
Current financial receivables	7,080	6,087
Current due to banks and other lenders	(81,760)	(76,251)
of which Financial liabilities under IFRS 16	(3,360)	(3,285)
<b>Current net financial debt</b>	<b>(74,680)</b>	<b>(70,164)</b>
Non-current due to banks and other lenders	(62,484)	(58,750)
of which Financial liabilities under IFRS 16	(27,222)	(27,287)
<b>Non-current net financial debt</b>	<b>(62,484)</b>	<b>(58,750)</b>
<b>Net financial debt</b>	<b>(118,999)</b>	<b>(125,697)</b>

Please refer to the Statement of Cash Flows for the description of the cash flows generated by operating, financing and investment activities and the associated effects on the cash and cash equivalents.

The change in net financial debt at 31 December 2022 compared to 31 December 2021 includes material investments, primarily textile and linen products to enter into the production process, for approximately Euro 50.4 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, 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 0.5 million, financial contributions in jointly-controlled companies for a total of Euro 2.9 million and collections for the sale of equity investments for Euro 0.6 million. The consolidated net financial position therefore passes from Euro 125,697 thousand at 31 December 2021 to Euro 118,999 thousand at 31 December 2022 with a positive change of Euro 6,698 thousand. Furthermore, it should be remembered that in the 2021 financial year 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 comparison financial year. Also shown below is the total financial debt drawn up pursuant to the ESMA Recommendation of 4 March 2021 in which the value of "Other current financial liabilities" is recorded under the item "Current financial debt" and the value of "Other non-current financial liabilities", as well as the summary of the Group's direct and indirect financial debt is recorded under item "Trade and other non-current payables".



(thousands of Euros)	31 December 2022	of which related parties	31 December 2021	of which with related parties
A. Cash and cash equivalents	18,165	-	3,217	-
B. Cash and cash equivalents	-	-	-	-
C. Other current financial assets	7,080	5,801	6,087	4,938
<b>D. Cash and cash equivalents (A)+(B)+(C)</b>	<b>25,245</b>		<b>9,304</b>	
E. Current financial debt (including debt instruments, but excluding the current portion of non-current financial debt)	(53,363)	-	(40,012)	-
F. Current portion of non-current borrowings	(28,410)	-	(38,693)	-
of which Financial liabilities under IFRS 16	(3,360)	(1,838)	(3,285)	(1,661)
<b>G. Current financial debt (E) + (F)</b>	<b>(81,773)</b>		<b>(78,705)</b>	
<b>H. Current net financial debt (G) - (D)</b>	<b>(56,528)</b>		<b>(69,401)</b>	
I. Non-current financial debt (excluding the current portion and debt instruments)	(62,484)	-	(58,750)	-
of which Financial liabilities under IFRS 16	(27,222)	(19,654)	(27,287)	(20,543)
J. Debt instruments	-	-	-	-
K. Trade and other non-current payables	(851)	-	(388)	-
<b>L. Non-current financial debt (I) + (J) + (K)</b>	<b>(63,335)</b>		<b>(59,138)</b>	
<b>M. Net financial debt (H) + (L)</b>	<b>(119,863)</b>		<b>(128,539)</b>	

## 6.26 Financial guarantee contracts

The table below provides the details of the guarantees given by the Group as at 31 December 2022 and 31 December 2021:

(thousands of Euros)	as at 31 December 2022	as at 31 December 2021
Guarantees issued by banks and insurance companies for tenders	73,726	73,497
Guarantees issued by banks and insurance companies for lease agreements and utilities	184	159
Guarantees issued by banks and insurance companies in favour of third parties	65,108	49,864
Owned assets held by third parties	154	296
Third party assets held at our facilities	-	-
Pledge on Asolo Hospital Service S.p.A. shares given as loan guarantee	66	66
Pledge on Sesamo S.p.A. shares given as loan guarantee	237	237
Pledge on Prog.Este S.p.A. shares given as loan guarantee	1,212	1212
Pledge on Progeni S.p.A. shares given as loan guarantee	76	76
Pledge on Synchron shares given as loan guarantee	344	344
Pledge on Futura S.r.l. stake given as loan guarantee	89	89
Pledge on Summano Sanità shares given as loan guarantee	10	10
<b>Total</b>	<b>141,206</b>	<b>125,850</b>

The guarantees issued and the other commitments refer to:

- Guarantees issued by banks and insurance companies for tenders: these were issued on behalf of the Group in favour of customers or potential customers for participation in tenders, to guarantee the correct execution of the service.
- Guarantees issued by banks and insurance companies for lease agreements and utilities: these were issued on behalf of the company to guarantee the payment of lease instalments and invoices for the supply of electricity and gas.
- Guarantees issued by banks and insurance companies in favour of third parties: these are guarantees issued to back the payment of the company's portion of the project financing and guarantees issued in favour of PSIS S.r.l., I.P.P. S.r.l., Ekolav S.r.l., Saniservice Sh.p.k. and Shubhram Hospital Solutions Private Limited to back loan agreements.
- Pledge on shares/units of Asolo Hospital Service, Sesamo, Progeni, Prog.Este, Synchron, Futura and Summano Sanità to back the loans granted to project companies: this pledge was granted to

the banks providing the project financing on the shares representing the Group's interest in the special purpose entity.

## 7 Income statement

### 7.1 Revenues from sales

The item is broken down as follows by business:

(thousands of Euros)	Year ended as at 31 December	
	2022	2021
Wash-hire	206,223	195,147
Steril B (Linen Sterilisation)	16,161	18,222
Steril C (Surgical Instruments Sterilisation)	47,929	43,325
<b>Sales revenues</b>	<b>270,313</b>	<b>256,694</b>



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

(thousands of Euros)	Year ended as at 31 December	
	2022	2021
Italy	233,490	224,015
Brazil	29,968	25,684
Turkey	6,855	6,995
<b>Sales revenues</b>	<b>270,313</b>	<b>256,694</b>

Revenues deriving from **wash-hire services** (which in absolute terms represent 76.3% of the Group's revenues) go from Euro 195,147 thousand in 2021 to Euro 206,223 thousand in 2022, recording an increase of 5.7%, or 6.6% at constant exchange rates, supported by significant growth in the Italian wash-hire sector (+4.3%), 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 by the company Wash Service S.r.l. Revenues in the Brazil area recorded an increase of 16.7% for the period, driven by the appreciation of the Brazilian Real against the Euro (exchange rate effect +17.2%), albeit characterised by a slight decrease in local currency (-0.5%). The Turkish area recorded a growth in local currency of 86.1% offset, however, by a negative exchange rate effect of 88.1% (depreciation of the Turkish Lira against the Euro) which led to a negative change in turnover of 2.0%.

Revenues from **linen sterilization services** (steril B) (which in absolute terms represent 6.0% of the Group's revenues) went from Euro 18,222 thousand in 2021 to Euro 16,161 thousand in 2022, a decrease of 11.3%, attributable to the allocation related to requests for the settlement of the payback on medical devices for Euro 2,342 thousand, only partially offset by the increase linked to the greater

supplies of disposables in the central Italy area. The organic change in the operating segment excluding the impact of the above payback shows growth of 1.5% in 2022.

Revenues from surgical instrument sterilisation services (steril C) (which in absolute terms represent 17.7% of the Group's revenues) go from Euro 43,324 thousand in 2021 to Euro 47,929 thousand in 2022, with a double-digit increase of 10.6% equal to Euro 4,605 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. In general, it should be noted that growth was driven by the recovery of operations in 2022 compared to the previous financial year.

## 7.2 Other income

The item is broken down as follows:

(thousands of Euros)	Year ended as at 31 December	
	2022	2021
Rental income	550	381
Capital gains from asset sale	1,558	2,563
Recovery costs pertaining to third parties	441	410
ATI income	1,662	1,789
Contingent assets	207	538
Recovered costs and sundry income	2,463	2,669
Operating grants	2,719	80
<b>Total</b>	<b>9,600</b>	<b>8,430</b>

Other income went from Euro 8,430 thousand as at 31 December 2021 to Euro 9,600 thousand as at 31 December 2022. The balance is mainly affected by the increase in the item Operating grants recognized due to the use of the electricity and gas tax credit by the Parent Company and the Italian subsidiaries for a total of Euro 2,600 thousand.

It should be noted that the item "Capital gains from the sale of assets" decreased, as the realized capital gain of Euro 1,527 thousand deriving from the sale of the workwear business unit on 26 February 2021 was recognised in 2021.

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

Contributions received by the Group Italian companies are contained in the aforementioned Register.

## 7.3 Raw materials and consumables

Consumption of raw materials, equal to Euro 29,235 thousand, slightly down with respect to the previous financial year (Euro 27,430 thousand in 2021). The increase is mainly linked to greater costs incurred for the purchase of 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.

## 7.4 Costs for services

The item is broken down as follows:

(thousands of Euros)	Year ended as at 31 December	
	2022	2021
External laundering and other industrial services	34,165	31,775
Travel and transport	16,034	14,691
Utilities	24,684	14,694
Administrative costs	2,643	3,064
Consortium and sales costs	5,995	6,053
Personnel expense	3,026	2,407
Maintenance	8,835	8,304
Use of third-party assets	2,661	2,703
Other services	1,122	1,058
<b>Total</b>	<b>99,165</b>	<b>84,749</b>

The item Costs for services recorded an increase of 17.0% compared to the previous financial year, equal to Euro 14,416 thousand, from Euro 84,749 thousand in 2021 to Euro 99,165 thousand in 2022. The increase is also seen in terms of incidence on revenues, which went from 33.0% in 2021 to 36.7% in 2022, mainly due to the significant increases in energy tariffs recorded starting from last quarter of 2021.

Costs for External laundering and other industrial services went from Euro 31,775 thousand in 2021 to Euro 34,165 thousand in 2022, with an increase of Euro 2,390, deriving from the changed logistical and production structure aimed at managing the laundry and cloakroom services as well a substantial increase in the tariffs, which incorporate the increases in costs for the period applied by our suppliers and service providers.

Travel and transport costs went from of Euro 14,691 thousand as at 31 December 2021 to Euro 16,034 thousand as at 31 December 2022, showing an increase of Euro 1,343, mainly generated by hotel sector of the Parent Company, essentially irrelevant in the first part of 2021 because of Covid, by the Brazil area, following a significant increase in the tariffs applied by suppliers and the new tenders launched in the north-east of Italy (started in 2021, now fully operational). The costs relating to Utilities went from Euro 14,694 thousand as at 31 December 2021 to Euro 24,684 thousand as at 31 December 2022 and show an increase equal to Euro 9,991 thousand compared to the same period of the previous financial year or a growth of 3.4% 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. Note that costs for the use of third-party assets recognised as at 31 December 2022, and therefore not subject to application of IFRS 16, predominantly regard rentals of pressure-relieving mattresses, royalties and software licences, electronic machinery and rentals of other assets with duration of less than 12 months, or low value assets.

### 7.5 Personnel expense

The item is broken down as follows:

(thousands of Euros)	Year ended as at 31 December	
	2022	2021
Costs for directors' fees	1,255	1,229
Salaries and wages	60,758	59,222
Temporary work	3,628	3,129
Social security charges	20,004	19,278
Employee severance indemnity	3,962	3,561
Other costs	254	239
<b>Total</b>	<b>89,861</b>	<b>86,658</b>

The item Personnel expense decreased from Euro 86,658 thousand as at 31 December 2021 to Euro 89,861 thousand as at 31 December 2022, recording a decrease of Euro 3,203 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 the commissioning of the tenders in the north-east of Italy started in the previous financial year, and to the Brazil area, as a result of the contractual increase introduced in order to adjust real wages to the inflation rate.

The table below shows the average composition of workforce:

	Average number of employees	
	2022	2021
Executives	18	17
Middle-managers	36	37
White-collar staff	300	299
Blue-collar staff	3,343	3,318
<b>Total</b>	<b>3,697</b>	<b>3,671</b>

### 7.6 Other costs

The item is broken down as follows:

(thousands of Euros)	Year ended as at 31 December	
	2022	2021
Tax-related expense	188	249
Contingent liabilities/(assets)	(29)	37
Membership fees	164	158
Gifts to customers and employees	133	142
Other	1,509	817
<b>Total</b>	<b>1,965</b>	<b>1,403</b>

The item Other costs increased by Euro 562 thousand compared to the previous financial year, mainly as a result of higher capital losses realized during the financial year by the Parent Company.

### 7.7 Depreciation/amortisation, impairment and provisions

The item is broken down as follows:

(thousands of Euros)	Year ended as at 31 December	
	2022	2021
Amortisation of intangible assets	1,281	1,524
Depreciation of property, plant and equipment	55,619	53,093
Impairment and provisions	(141)	497
<b>Total</b>	<b>56,759</b>	<b>55,114</b>

The item Amortization, depreciation and write-downs recorded an increase compared to the previous financial year of Euro 1,645 thousand, from Euro 55,114 thousand as at 31 December 2021 to Euro 56,759 thousand as at 31 December 2022. It should be noted that the effect is mainly attributable to the increase in depreciation of tangible fixed assets for Euro 2,526 thousand following the investments made in Italy and Brazil.

It should be noted that the item "Impairment and provisions" includes the release by the Parent Company of the provision for the write-down of interest on arrears collected during the financial year and previously written down for Euro 496 thousand.

### 7.8 Financial income

The item is broken down as follows:

(thousands of Euros)	Year ended as at 31 December	
	2022	2021
Bank interest income	59	12
Default interest	75	199
Interest income on loans to third-party companies	677	443
High inflation effect in Turkey	697	-
Other financial income	721	150
<b>Total</b>	<b>2,229</b>	<b>804</b>

Financial income decreased from Euro 804 thousand as at 31 December 2021 to Euro 2,229 thousand as at 31 December 2022, a change of Euro 1,425 thousand mainly due to the effect on monetary items pursuant to the application of IAS 29 - Hyperinflation, to the increase in interest income on loans of third party Companies and for Euro 505 thousand to the revaluation of the fair value of the option liability for the put/pull option for shareholders of Steritek S.p.A.

Default interest accrues as a result of the delays in payment by some private customers. The decrease in default interest compared to 2021 is mainly due to the improvement in the average days of collection of trade receivables.

### 7.9 Financial expenses

The item is broken down as follows:

(thousands of Euros)	Year ended as at 31 December	
	2022	2021
Interest expense and bank commission	2,514	2,308
Interest expense for leasing	1,875	1,977
Interest and expense to other lenders	365	162
Financial expense on employee benefits	31	-
Net exchange rate losses	370	298
Other financial expenses	645	243
<b>Total</b>	<b>5,800</b>	<b>4,989</b>

The item Financial expenses recorded an increase compared to the same period of the previous year of Euro 811 thousand, from Euro 4,989 thousand as at 31 December 2021 to Euro 5,800 thousand as at 31 December 2022. The item Interest expense and bank commissions shows an increase of Euro 206 thousand mainly attributable to the increase in financial charges recorded in the Italia area.

The increase in the item Other financial expenses is mainly due to the adjustment of the fair value of the liability for the put/call option relating to residual 5% of the shares of Steritek S.p.A. for Euro 468 thousand and the increase in interest expense and bank commissions as a result the signing of new mortgage agreements.



### 7.10 Income and expense from equity investments

The item includes the capital gain generated by the sale of 0.9% of the shares of Futura S.r.l. for Euro 110 thousand and dividends collected in 2022 from other companies for Euro 256 thousand.

### 7.11 Income taxes

The item is broken down as follows:

(thousands of Euros)	Year ended as at 31 December	
	2022	2021
Current taxes	1,300	1,586
Deferred tax assets/(liabilities)	(2,824)	(649)
<b>Total</b>	<b>(1,524)</b>	<b>937</b>

The incidence of taxes on the profit before tax is reconciled with the theoretical rate in the table below:

(thousands of Euros)	Year as at 31 December	
	2022	2021
<b>IRES (company earnings tax) reconciliation</b>		
Profit before tax from Income statement	1,904	8,174
<b>Theoretical taxes (24%)</b>	<b>457</b>	<b>1,962</b>
Tax effects of the permanent differences:		
on increases	2,183	2,150
on decreases	(5,170)	(2,854)
substitute taxes	749	750
differential on foreign taxes	(36)	(152)
<b>Total effective IRES taxes</b>	<b>(1,817)</b>	<b>1,856</b>
IRAP (regional business tax)	204	444
<b>Total effective taxes</b>	<b>(1,613)</b>	<b>2,300</b>

### 7.12 Earnings per share

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

(thousands of Euros)	Year ended as at 31 December	
	2022	2021
Profit/loss attributable to shareholders of the parent company	3,833	7,500
Average number of shares	29,556	29,994
<b>Basic earnings per share</b>	<b>0.13</b>	<b>0.25%</b>

(thousands of Euros)	Year ended as at 31 December	
	2022	2021
Profit (loss) for the year attributable to the Group:	3,833	7,500
Average number of shares outstanding	29,556	29,994
Number of shares with dilutive effect	-	-
Average number of shares used to calculate diluted EPS	29,556	29,994
<b>Diluted earnings per share</b>	<b>0.13</b>	<b>0.25%</b>

## 8 Transactions with group companies and related parties

The transactions of the Servizi Italia Group with subsidiaries, associates, jointly-controlled companies or parent companies are conducted in compliance with the applicable Regulations governing transactions with related parties and concern primarily:

- dealings associated with commercial service agreements;
- financial dealings, represented by loans.

From an economic, equity and financial point of view, the group of main transactions constitute ordinary transactions conducted under conditions equivalent to market or standard conditions and are regulated by the appropriate contracts. With reference to the amount exposed in the reference period, this was generated by the renewal of existing contracts or contracts stipulated in the financial year.

No new loans were stipulated with related parties during the financial year ended as at 31 December 2022 that had a significant impact on the financial disclosures of the Servizi Italia Group. The financial transactions with the related parties of the Servizi Italia Group are shown below as at 31 December 2022:

(thousands of Euros)		31 December 2022						
Economic transactions	Sale of goods and services	Other income	Purchases of goods and services	Personnel expense	Purchases of property, plant and equipment and intangible assets	Other costs	Financial income	Financial expenses
Coopservice S.Coop.p.A. (parent company)	17	81	13,035	-	-	2	-	-
Aurum S.p.A. (parent company)	-	-	-	-	-	-	-	-
Arezzo Servizi S.c.r.l. (joint control)	-	12	1,160	-	-	-	4	-
Psis S.r.l. (joint control)	216	118	1	-	29	45	5	-
Amg S.r.l. (joint control)	-	9	499	-	-	-	-	-
Steril Piemonte S.c.r.l. (joint control)	-	-	-	-	-	-	-	-
Piemonte Servizi Sanitari S.c.r.l. (associate)	-	111	468	-	-	-	1	-
Iniziativa Produttive Piemontesi S.r.l. (associate)	35	16	283	-	-	-	-	-
SAS Sterilizasyon Servisleri A.Ş. (joint control)	-	-	-	-	-	-	-	-
Shubhram Hospital Solutions Private Limited (joint control)	-	-	-	-	-	-	108	129
Sanitary cleaning Sh.p.k. (joint control)	-	-	-	-	-	-	-	-
Saniservice Sh.p.k. (joint control)	263	188	-	-	-	1	278	-
Servizi Sanitari Integrati Marocco S.a.r.l. (joint control)	-	-	-	-	-	-	-	-
Finanza & Progetti S.p.A. (joint control)	-	39	-	-	-	-	195	-
Brixia S.r.l. (associate)	3,950	205	38	-	-	1	-	-
Focus S.p.A. (affiliated)	-	-	2,864	-	-	15	-	1,177
Archimede S.p.A. (affiliated)	-	-	9	857	-	-	-	-
New Fleur S.r.l. (affiliated)	-	195	3	-	-	-	-	-
Ospedal Grando S.p.A. (related party)	9,678	12	193	-	-	2	-	-
Akan & Ankateks JV (associate)	531	-	-	61	-	-	-	-
Akan (related party)	-	-	4	-	-	-	-	-
Nimetsu & Ankateks JV (associate)	-	-	-	-	-	-	-	-
Atala (related party)	-	-	-	-	-	-	-	-
Ankor (related party)	-	-	-	-	-	-	-	-
Ozdortler (related party)	-	-	-	-	-	-	-	-
Oguzalp Ergul (related party)	-	-	-	-	-	-	21	-
Feleknaz Demir (related party)	-	-	-	-	-	-	-	-
Volkan Akan (related party)	-	-	-	-	-	-	-	-
Fevzi Cenk Kiliç (related party)	-	-	-	-	-	-	-	-
Olimpos (related party)	-	-	438	-	-	-	-	-
<b>Total</b>	<b>14,690</b>	<b>986</b>	<b>18,995</b>	<b>918</b>	<b>29</b>	<b>66</b>	<b>612</b>	<b>1,306</b>

<i>(thousands of Euros)</i>	<b>31 December 2022</b>					
<i>Statement of financial position</i>	<b>Amount of trade receivables</b>	<b>Amount of trade payables</b>	<b>Amount of financial receivables</b>	<b>Value of rights of use</b>	<b>Amount of financial payables</b>	<b>Amount of other liabilities</b>
Coopservice S.Coop.p.A. (parent company)	114	5,167	-	-	-	-
Aurum S.p.A. (parent company)	-	-	-	-	-	-
Arezzo Servizi S.c.r.l. (joint control)	12	565	484	-	-	-
Psis S.r.l. (joint control)	117	29	5	-	-	-
Amg S.r.l. (joint control)	6	450	-	-	-	-
Steril Piemonte S.c.r.l. (joint control)	-	-	-	-	-	-
Piemonte Servizi Sanitari S.c.r.l. (associate)	121	541	159	-	-	-
Iniziativa Produttive Piemontesi S.r.l. (associate)	39	177	53	-	-	-
SAS Sterilizasyon Servisleri A.Ş. (joint control)	-	-	-	-	-	-
Shubhram Hospital Solutions Private Limited (joint control)	-	-	1,888	-	-	-
Sanitary cleaning Sh.p.k. (joint control)	-	-	-	-	-	-
Saniservice Sh.p.k. (joint control)	1,328	-	3,854	-	-	-
Servizi Sanitari Integrati Marocco S.a.r.l. (joint control)	-	-	-	-	-	-
Finanza & Progetti S.p.A. (joint control)	369	-	2,854	-	-	-
Brixia S.r.l. (associate)	515	38	-	-	-	-
Focus S.p.A. (affiliated)	-	-	-	19,511	21,427	-
Archimede S.p.A. (affiliated)	-	140	-	-	-	-
New Fleur S.r.l. (affiliated)	706	11	-	-	-	-
Ospedal Grando S.p.A. (related party)	3,804	185	-	-	-	-
Akan & Ankateks JV (associate)	766	-	-	-	-	-
Akan (related party)	-	-	-	-	45	-
Nimetsu & Ankateks JV (associate)	-	-	-	-	-	-
Atala (related party)	4	-	-	-	-	-
Ankor (related party)	-	-	1,099	-	20	-
Ozdortler (related party)	-	-	-	-	-	-
Oguzalp Ergul (related party)	-	-	50	-	-	-
Feleknaz Demir (related party)	-	-	-	-	-	-
Volkan Akan (related party)	45	-	-	-	-	-
Fevzi Cenk Kiliç (related party)	23	-	-	-	-	-
Olimpos (related party)	-	77	-	-	-	-
<b>Total</b>	<b>7,969</b>	<b>7,240</b>	<b>10,446</b>	<b>19,511</b>	<b>21,492</b>	<b>-</b>

Aside from the figures shown above, as at 31 December 2022, transactions with related parties included directors' fees for Euro 1,352 thousand and executive personnel expense for Euro 3,045 thousand. As at 31 December 2021, director fees were equal to Euro 1,332 thousand and executive personnel expense Euro 2,993 thousand.

The most significant relationships are shown below, broken down by company where the transactions related to the individual contracts actually fall within the Parent Company's ordinary business:

*Coopservice S.Coop.p.A.*

Revenues from sales and the associated trade receivables as at 31 December 2022 refer primarily to linen and textile washing services within the cleaning activities provided to the parent company.

The Servizi Italia group purchases from the parent company: (i) road-based transport services for textiles and/or surgical instruments; (ii) management services for linen storage facilities located at the customers (iii) use of third party staff; (iv) technical cleaning services carried out at some production/operating sites of Servizi Italia and surveillance/security services provided to some facilities, through night patrols and alarm-based interventions.

*Arezzo Servizi S.c.r.l.*

The company's purpose is the provision of wash-hire services to "Aziende dell'Area Vasta Sud-Est" and, to a lesser extent, to the hospital of the Arezzo AUSL As at 31 December 2022, purchase costs and the relative trade payables regard the charge-back of costs incurred by Arezzo Servizi S.c.r.l., which are divided amongst the shareholders on the basis of their shareholdings. The financial receivable is for a Euro 484 thousand loan granted to the associate.

*Psis S.r.l.*

As at 31 December 2022, revenues from the sale of goods and services to PSIS S.r.l. were related to the charge-back of administrative management services and validation services. The financial receivable relates to interest income for Euro 5 thousand.

*AMG S.r.l.*

At the end of 2022, financial transactions were mainly for external laundering services at the ASL of Asti, Casale Monferrato, and the ASL Turin 3, while revenues derive from linen sterilisation services and supply of disposable medical devices for surgical procedures.

*Steril Piemonte S.c.r.l.*

As at 31 December 2022, purchase costs associated with Steril Piemonte S.c.r.l. were related to the charge-back of costs incurred by the Group and Consortium for surgical instrument sterilisation activities at the A.S.L. AL Piedmont Region.

*Iniziativa Produttive Piemontesi S.r.l.*

As at 31 December 2022, revenues from the sale of goods and services to Iniziativa Produttive Piemontesi S.r.l. were mainly related to validation services. The financial receivable is for a Euro 53 thousand loan granted to the associate.

*Saniservice Sh.p.k.*

As at 31 December 2022, the revenues from the sale of goods and services to Saniservice Sh.p.k. were mainly related to the supply of material for the management of the sterilisation facilities, validation services and business management services. The financial receivable is for a Euro 3,854 thousand loan granted to the associate.

*Finanza & Progetti S.p.A.*

As of 31 December 2022, the value included in the financial receivables relates to an active loan granted as well as interests equal to Euro 2,854 thousand.

*Brixia S.r.l.*

As at 31 December 2022, revenues from the sale of goods and services to Brixia S.r.l. were mainly related to the wash-hire service at the ASST Spedali Civili of Brescia.

*Ospedal Grando S.p.A.*

As at 31 December 2022, the revenues from the sale of goods and services and the corresponding trade receivables towards Ospedal Grando S.p.A. were mainly related to the service carried out by the Parent Company as a result of the awarding of the wash-hire and sterilization service under concession with the Azienda ULSS no. 2 Marca Trevigiana of the Veneto Region.

*Focus S.p.A.*

Transactions with Focus S.p.A. were related to lease agreements on the Castellina di Soragna (Parma), Montecchio Precalcino (Vicenza), Ariccia (Rome) and Genova Bolzaneto (Genoa) properties. In 2021, the total consideration for leased properties amounted to Euro 2,864 thousand.

The lease agreements of Montecchio Precalcino (Vicenza) and Ariccia (Rome) have a duration of six years, renewable for another six, while for Genova Bolzaneto (Genoa) the lease agreement has a duration of fourteen years, renewable for another six.

*Akan & Ankateks JV*

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

*Oguzalp Ergul*

Related party as a non-controlling shareholder of Ergülteks Temizlik Tekstil Ltd. Sti. The financial receivable is for a Euro 50 thousand loan granted to the company.

*Olimpos*

Related party as a non-controlling shareholder of Ankateks Tur. Teks. Tem.Sanve TIC. A.s. – Olimpos Laundry Teks.Tem. Hizm. Ve Tur. San. Tic. LTD.Sti IS Ortakligi. Trade payables and costs for the period relate to laundry services.

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

No income from non-recurring transactions was recognised during the financial year.

During the financial year, there were no atypical and/or unusual transactions as defined in Consob communication no. 6064293 dated 28 July 2006.

## 10 Treasury shares

The Shareholders' Meeting of 20 April 2021, upon revocation of the authorisation to purchase and dispose of treasury shares resolved on 28 April 2020 for the unused portion, renewed the authorisation for the purchase and disposal of treasury shares, in accordance with the proposal by the Board of Directors. The resolution authorised the purchase of a maximum of 6,361,890 ordinary shares with nominal value of Euro 1.00 each, corresponding to one-fifth of the Company's share capital (taking into account the shares already held by the Company) for a period 18 months from that date, while the duration of the authorisation for disposal of the treasury shares has no time limits.

The treasury shares purchase plan renewed by the Board of Directors, in implementation of the shareholders' meeting resolution, on 20 April 2021 - in accordance with the resolution of the Company's Shareholders' Meeting - aimed to establish a stock of treasury shares to possibly use as consideration in extraordinary transactions and/or in trades and/or in the disposal of equity investments, and simultaneously represents an efficient investment opportunity for the company's liquidity.

In accordance with authorisation by the shareholders' meeting on 20 April 2021, purchases of treasury shares were conducted on the Mercato Telematico Azionario (MTA, electronic stock market) through broker INTERMONTE SIM S.p.A., in accordance with the operating methods and at the price conditions pursuant to the provisions of Articles 3 and 4, paragraph 2, letter b) of Delegated Regulation EU 2016/1052, and in accordance with the principle of equality of treatment of Shareholders and market practice. In particular, the purchase price of each share was, as a minimum, at least 20% and, as a maximum, not greater than 20% of the weighted average of the official prices of the shares recorded by Borsa Italiana on the MTA in the 3 days prior to each individual purchase, without prejudice to the fact that it cannot be greater than the higher of the last independent transaction and the highest current independent asking price on the MTA, in accordance with the shareholders' resolution of 20 April 2021 and any other applicable regulations (even European) and allowed market practice. Furthermore, the shares purchased during each session did not exceed 25% of the average daily volume of Servizi Italia S.p.A. shares traded on the MTA, calculated based on the daily average volume of trades in the 20 trading days prior to the purchase date.

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 2022 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. The intermediary that coordinated the share purchase program was INTERMONTE SIM S.p.A. As at 31 December 2022, the



total number of treasury shares in the portfolio was no. 2,377,351 shares, corresponding to 7.47% of the share capital.

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

As regards:

- remunerations to Directors and Statutory Auditors;
- stock options to Directors;
- Directors' equity investments;

please see the Remuneration Report, drawn up pursuant to article 123-ter of Consolidated Law on Finance for the 2022 financial year.

### **12 Remuneration plans based on financial instruments**

As at 31 December 2022, there were no remuneration plans based on financial instruments.

### **13 Significant events and transactions**

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

### **14 Significant events after the end of the year**

There are no significant events to report after the end of the year.

The Chairman of the Board of Directors  
(Roberto Olivi)

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

Castellina di Soragna, 14 March 2023

In consideration of the provisions of Art. 154-bis, paragraphs 3 and 4 of Italian Legislative Decree no. 58 of 24 February 1998, the undersigned Roberto Olivi, in his capacity as Chairman of the Executive Committee, and Angelo Minotta, in his capacity as Financial Reporting Manager of Servizi Italia S.p.A., certify:

- a) the adequacy in relation to the characteristics of the business and
- b) the effective application of the administrative and accounting procedures for the preparation of the consolidated financial statements during 2022.

It is also hereby stated that the consolidated financial statements as at 31 December 2022:

- a) have been prepared in compliance with the applicable international accounting standards recognised in the European Union pursuant to Regulation (EC) No. 1606/2002 of the European Parliament and of the Council of 19 July 2002;
- b) correspond to the books and accounting entries;
- c) provide a true and fair view of the financial position, income and cash flows of the Company and all the companies included in the scope of consolidation.

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

The Chairman of the Executive Committee  
Roberto Olivi

The Financial Reporting Manager  
Angelo Minotta