

# Interim management report

*as at 30 September 2023*



**Servizi  
Italia**

SERVIZI ITALIA S.P.A.  
Via S. Pietro, 59/B  
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## 1 COMPANY OFFICERS AND CORPORATE INFORMATION

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

Name and Surname	Position
Roberto Olivi (*)	Chairman
Ilaria Eugeniani(*)	Deputy Chairwoman
Michele Magagna(*)	Director
Umberto Zuliani	Director
Anna Maria Fellegara <sup>(1)</sup>	Independent Director
Benedetta Pinna <sup>(1)</sup>	Independent Director
Antonio Aristide Mastrangelo <sup>(1)(2)</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 2025)

Name and Surname	Position
Antonino Girelli	Chairman
Gianfranco Milanese	Standing auditor
Elena Iotti	Standing auditor
Lorenzo Keller	Alternate Auditor
Valeria Gasparini	Alternate Auditor

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

Name and Surname	Position
Veronica Camellini	Chairman
Antonio Ciriello	Member
Elena Martelli <sup>1</sup>	Member

<sup>1</sup>Substituted Francesco Magrini on 26 May 2023

### 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

## 2 GROUP STRUCTURE

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

As at 30 September 2023, the Servizi Italia Group included the following companies:

Company name Parent Company and Subsidiaries	Registered office	Share capital	Interest of equity investments
Servizi Italia S.p.A.	Castellina di Soragna (Parma) – Italy	EUR 31,809,451	Parent Company
Ekolav S.r.l.	Lastra a Signa (Florence) – Italy	EUR 100,000	100%
Wash Service S.r.l.	Castellina di Soragna (Parma) – Italy	EUR 10,000	90%
Steritek S.p.A.	Malagnino (Cremona) – Italy	EUR 134,500	95%
San Martino 2000 S.c.r.l.	Genoa – Italy	EUR 10,000	60%
SRI Empreendimentos e Participações L.t.d.a.	City of São Paulo, State of São Paulo - Brazil	BRL 217,757,982	100%
Lavsím 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.	Ankara - 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 Ortakligi	Antalya – Turkey	TRY 10,000	51% <sup>(**)</sup>

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

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

Below are the associates and jointly-controlled companies, measured using the equity method in the consolidated financial statements:

Company name Associates and Jointly-Controlled Companies	Registered office	Share capital	Interest of equity investment
Shubhram Hospital Solutions Private Ltd.	New Delhi – India	INR 362,219,020	51%
Servizi Sanitari Integrati Marocco S.a.r.l.	Casablanca – Morocco	MAD 122,000	51%
SAS Sterilizasyon Servisleri A.Ş.	Istanbul – Turkey	TRY 36,553,000	51%
Arezzo Servizi S.c.r.l.	Arezzo – Italy	EUR 10,000	50%
PSIS S.r.l.	Padua – Italy	EUR 10,000,000	50%
Steril Piemonte S.r.l.	Turin - Italy	EUR 1,000,000	50%
AMG S.r.l.	Busca (Cuneo) – Italy	EUR 100,000	50%
Finanza & Progetti S.p.A.	Vicenza – Italy	EUR 550,000	50%
Iniziative Produttive Piemontesi S.r.l.	Turin – Italy	EUR 2,500,000	37.63%
Piemonte Servizi Sanitari S.c.r.l.	Turin – Italy	EUR 10,000	30% <sup>(*)</sup>
Saniservice Sh.p.k.	Tirana – Albania	LEK 2,745,600	30%
Brixia S.r.l.	Milan – Italy	EUR 10,000	23%
Tecnoconsulting S.r.l.	Scandicci (FI) - Italy	EUR 10,000	33%

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

### 3 DIRECTORS' REPORT

This Interim Report as at 30 September 2023 has been prepared in compliance with the International Accounting Standards (IFRS) issued by the International Accounting Standards Board (IASB) and approved by the European Union, and must be read together with the information provided in the consolidated financial statements as at 31 December 2022. In order to allow for a better evaluation of the economic and financial performance, the following summary tables show some “Alternative performance indicators”, not provided by the IFRS International Accounting Standards. The footnotes of said tables indicate the calculation method used and the composition of these ratios, in line with the guidelines of the European Securities and Markets Authority (ESMA).

#### Main consolidated income statement figures

The table below presents a comparison of the main consolidated income statement figures as at 30 September 2023 with the results as at 30 September 2022 (in thousands of Euros):

(thousands of Euros)	30 September 2023	30 September 2022	Change	Change %
Revenues	215,047	202,533	12,514	6.2%
EBITDA (a)	54,996	45,697	9,299	
EBITDA %	25.6%	22.6%		3.0%
Operating profit (EBIT)	12,494	3,208	9,286	
Operating profit (EBIT) %	5.8%	1.6%		4.2%
Net profit	5,768	3,793	1,975	
Net profit %	2.7%	1.9%		0.8%

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

#### Main consolidated statement of financial position figures

The table below presents a comparison of the main consolidated statement of financial position figures as at 30 September 2023 with the figures as at 31 December 2022 (in thousands of Euros):

(thousands of Euros)	30 September 2023	31 December 2022	Change	Change %
Net operating working capital <sup>(a)</sup>	6,354	(9,005)	15,359	-170.6%
Other current assets/liabilities <sup>(b)</sup>	(12,941)	(7,263)	(5,678)	78.2%
<b>Net working capital</b>	<b>(6,587)</b>	<b>(16,268)</b>	<b>9,681</b>	<b>-59.5%</b>
Non-current assets – medium/long-term provisions	268,990	268,740	250	0.1%
of which Rights of use under IFRS 16	28,586	28,210	376	1.3%
<b>Net invested capital</b>	<b>262,403</b>	<b>252,472</b>	<b>9,931</b>	<b>3.9%</b>
Shareholders' equity (B)	140,284	133,473	6,811	5.1%
Net financial debt <sup>(d)</sup> (A)	122,119	118,999	3,120	2.6%
of which Financial liabilities under IFRS 16	30,854	30,582	272	0.9%
<b>Net invested capital<sup>(c)</sup></b>	<b>262,403</b>	<b>252,472</b>	<b>9,931</b>	<b>3.9%</b>
<b>Gearing [A/(A+B)]</b>	<b>46.5%</b>	<b>47.1%</b>		
<b>Debt/Equity (A/B)</b>	<b>87.1%</b>	<b>89.2%</b>		

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

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

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

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

## Company information and business performance

During the first nine months of 2023, consolidated revenues of the Servizi Italia Group amounted to Euro 215,047 thousand, an increase of 6.2% (7.8% at constant exchange rates) compared to the same period of 2022.

Please note the following as regards revenue from sales and services by sector for 30 September 2023 compared to 30 September 2022:

- Revenues from wash-hire services (which in absolute terms represent 75.6% of the Group's revenues) rose from Euro 154,041 thousand in the first nine months of 2022 to Euro 162,633 thousand in the same period of 2023, recording an increase of 5.6% (or 7.8% at constant exchange rates), supported both by robust growth in wash-hire in Italy (+4.5%) and by a rapid recovery deriving from the price adjustment in the Turkey area (+26.8%, or +103.8% at constant exchange rates). The Italy area benefits from the excellent performance in terms of revenues for the growth related to the inflation adjustments accrued and subscribed in the course of 2022 and during the first nine months of 2023. Revenues in the Brazil area also showed a positive change in the period of 7.3%, i.e. organic growth of 6.5% and an increase of 0.8% driven by the appreciation of the Brazilian Real against the Euro.
- Revenues from linen sterilisation services (Steril B) (which in absolute terms represent 6.4% of the Group's revenues) go from Euro 13,560 thousand in the first nine months of 2022 to Euro 13,761 thousand, with an increase of 1.5% due in part to greater disposable supplies in central Italy and in part to the increase in volumes of reusable technical textile (TTR) processed in the north-east of Italy.
- Revenues from surgical instrument sterilisation services (Steril C) (which in absolute terms represent 18.0% of the Group's revenues) rose from Euro 34,932 thousand in 2022 to Euro 38,653 thousand in 2023, with an increase of 10.7% equal to Euro 3,721 thousand mainly due to higher operating activities recorded in the period in the Italy area and to the inflation adjustments accrued and subscribed in the course of 2022 and during the first nine months of 2023.

Consolidated **EBITDA** went from Euro 45,697 thousand in the first nine months of 2022 to Euro 54,996 in the same period of 2023, with an EBITDA margin growing by 300 bps, from 22.6% to 25.6% of revenues or an increase in absolute value of 20.3%. The first nine months of 2023 were characterised by the excellent performance of all operating segments in terms of both revenues and margins. The benefits are mainly related to the concomitant effect of the inflationary adjustments on contractual prices and the benefit of the tax credit in the Italy area of Euro 1,953 thousand. It should also be noted that the accrual of the aforementioned receivable was terminated on 1 July 2023. The first nine months of 2023 also saw a substantial improvement both in absolute value and in terms of incidence on revenues from the main energy sources such as gas (Euro -794 thousand or -0.6% relative incidence) and electricity (Euro -134 thousand or -0.2% relative incidence). Also to be noted a decrease of 1.3% in the incidence of raw materials costs, driven primarily by the lower marketing of single-use material and a decrease in costs incurred for packaging using plastic materials. Personnel costs decreased as a percentage of turnover (-1.0%) compared to the previous period, although they increased in absolute terms (+2.9%) as a result of the increase in volumes processed. During the period, operating margins grew strongly in the Turkey area (EBITDA margin going from -5.2% to 26.5%), mainly due to the inflation adjustment of contractual prices and a slow but progressive

reduction in operating costs, primarily for energy, while there was a contraction in margins in the Brazil area (EBITDA margin falling from 26.4% to 23.7%) partly due to the continued upward trend in material and energy costs and the start-up phase of the sterilisation plant in San Paolo.

The consolidated operating result (**EBIT**) went from Euro 3,208 thousand during the first nine months of 2022 (1.6% compared to the turnover for the period) to Euro 12,494 thousand during the same period in 2023 (5.8% compared to the turnover for the period), mainly due to the dynamics already described in the comment on the change in turnover and EBITDA albeit with a lower incidence of amortisation and depreciation (-1.2%).

Financial management showed a marked increase of Euro 5,173 thousand compared to the same period of the previous year, mainly due to the strong increase in interest rates applied by the interbank system and exchange losses of Euro 1,018 thousand mainly referring to the depreciation of the Turkish Lira against the Euro and financial charges of Euro 597 thousand connected with the adjustment of non-monetary elements of Turkish companies following the application of accounting standard IAS 29. The capital loss realised on the sale of the equity investment in Sanitary Cleaning Sh.pk. of Euro 1,402 thousand should also be noted.

Taxes for the period are negative for Euro 529 thousand, with an incidence on the pre-tax result of 8.4% and mainly concern current taxes for the period.

Therefore, the consolidated intermediate financial statements as at 30 September 2023 closed with a **net profit** of Euro 5,768 thousand compared to the net profit of Euro 3,793 thousand for the same period of the year.

### Significant events and transactions

On 28 March 2023, the first sterilisation plant of the Servizi Italia Group was inaugurated in the State of São Paulo, Brazil. The transaction involved an investment of approximately R\$ 22.4 million, equal to approximately Euro 4.0 million (exchange rate on 28 March 2023 of Euro 5.6080) for the construction of a sterilisation plant capable of processing instruments for around 28,000 surgeries/year and over 50,000 interventions for the operating theatre textile sterilisation line, with the expectation of increased production capacity as a result of investments up to around 70,000 surgeries/year and up to 100,000 interventions for the sterile textile line. For more information, please refer to the press release on the Company's website.

On 20 April 2023, the ordinary session of the Shareholders' Meeting:

- approved the financial statements of the Parent Company closed on 31 December 2022;
- resolved the authorisation to purchase and dispose of treasury shares, as proposed by the Board of Directors. The resolution authorised the purchase of a maximum of 6,361,890 ordinary shares with nominal value of Euro 1.00 each, corresponding to one-fifth of the Company's share capital (taking into account the shares already held by the Company) for a period 18 months from that date, while the duration of the authorisation for disposal of the treasury shares has no time limits;
- approved the remuneration policy of Servizi Italia S.p.A.;

appointed the members of the Board of Statutory Auditors, who will remain in office until the Shareholders' Meeting called to approve the financial statements as at 31 December 2025, also determining their remuneration.

On 5 July 2023, Servizi Italia S.p.A. signed a preliminary agreement with the shareholders holding the remaining shares of the company Sanitary Cleaning Sh.p.k. concerning the sale of 40% of the company shares held by the Parent Company. On 31 July 2023, all the suspensive clauses underlying the successful outcome of the transaction were verified and complied with. The sale took place in September. The price recognised for the sale of the shares is equal to Euro 100 thousand. The equity investment, conditional on the development of the industrial laundry market in the Albanian territory, is, considering future strategic scenarios, off-target as of today. Therefore, with a view to efficient resource management, the sale and disposal of the investment was assessed as the best option.

On 17 July 2023, Servizi Italia S.p.A. acquired, for a price of Euro 440 thousand, a 33.0% equity investment in the company Tecnoconsulting S.r.l., based in Scandicci (FI) and active in the integrated design of industrial, civil and hospital works. The company, which recorded revenues of Euro 539 thousand in financial year 2022, is able to offer a comprehensive assistance service in all phases of design, work management and safety coordination. The company's most specialised activity is hospital design with experience gained through more than 10 years of experience in the design of sterilisation centres, centralised industrial laundries, clean rooms, operating theatres and laboratories. For some time now, the Servizi Italia Group has maintained and still maintains a profitable relationship that recognises and certifies the quality of the service offered by the company. The transaction therefore has a strategic value that stems primarily from organisational consolidation, knowledge integration and future technical and design synergies.

On 25 July 2023, Servizi Italia S.p.A. was admitted to the “*Made Green in Italy*” scheme of the Ministry of the Environment and Energy Safety and obtained the release of the MGI logo for the linen washing and linens rental service. The scheme is managed by the Ministry of the Environment and Energy Safety (MASE) and is based on the European PEF (*Product Environmental Footprint*) methodology, which offers an assessment of the environmental footprint of products and services through the analysis of their life cycle (LCA). The objective is the enhancement on the market of Italian goods and services with high environmental performance (the quantification of which is scientifically reliable) and aims to achieve consumer recognition of its products through the use of its logo, so as to encourage more informed choices. By obtaining the “*Made Green in Italy*” logo, Servizi Italia continues on its concrete path of sustainability. The study and assessment of the environmental footprint of services is fundamental for the Group, which can thus focus its actions to mitigate and reduce its environmental impact in those production chain areas that are most sensitive.

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)
Nord Milano ASST*	Integrated linen wash-hire service	18 months	842
Fondazione Istituto G. Giglio di Cefalù*	Sterile and disposable sets wash-hire service	1	231
ASSB Bolzano*	Integrated linen wash-hire service	4	647
ASCA - Azienda Speciale Consortile Agordina di Agordo (BL)*	Wash-hire service for nursing homes	2	55
IRCCS Burlo Garofolo di Trieste*	Surgical instruments sterilisation service	1	215
Azienda Ospedaliera Papardo di Messina**	Papardo Hospital wash-hire service	3	179
APSP Trento*	Integrated linen wash-hire service	5	5,212

\* renewed

\*\* new customer

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

Customer	Service provided	Contract value per year (thousands of Euros)
Marche Teaching Hospital - Ancona	Integrated linen wash-hire service	738
San Pellegrino Hospital in Castiglione delle Stiviere, Cooperativa Il Sorriso, Cooperativa in Cammino	Integrated linen wash-hire service	252

### Significant events after the end of the third quarter

On 10 October 2023, Servizi Italia S.p.A. signed a preliminary contract (signing) with STERIS S.p.A., for the acquisition of a business unit dedicated to decontamination and sterilisation services. STERIS S.p.A. is an Italian company indirectly controlled by STERIS ("STERIS Corp."), a global leader in products and services that support patient care with particular attention to infection prevention. The transaction has an important strategic value and will allow the Parent Company to further consolidate its leadership in surgical instrument sterilisation services in Italy, acquire and integrate a production structure and human capital to strengthen and boost the efficiency of the structure already dedicated to the surgical sterilisation segment and the validation of sterilisation processes. The price of the transaction, which is estimated to take effect by December 2023, was defined on a preliminary basis between the parties as Euro 2,700 thousand.

On 9 November 2023, Cometa S.r.l., a wholly owned subsidiary of the controlling shareholder Aurum S.p.A. (in turn a wholly owned subsidiary of Coopservice Soc. coop. p.A.) notified pursuant to Article 102, paragraph 1, of Legislative Decree No. 58, as subsequently amended and supplemented ("TUF"), and Article 37 of the Regulations adopted by CONSOB with resolution No. 11971 of May 14, 1999, as subsequently amended and supplemented ("Issuers' Regulations"), the decision to promote a public acquisition offer on the ordinary shares of Servizi Italia S.p.A, minus the ordinary shares held by the parent company Aurum S.p.A. (amounting to 17,601,424 ordinary shares representing approximately 55.334% of the share capital) and the treasury shares held by the Company (amounting to 2,507,752 ordinary shares representing approximately 7.884% of the share capital), aimed at obtaining the delisting of the Company's shares from Euronext Milan, a regulated market organized and managed by Borsa Italiana S.p.A. The Company, on the same date, consequently proceeded to announce the suspension until the end of the acceptance period of the public acquisition offer on the Company's shares promoted by the bidder Cometa S.r.l. of the share buyback

program coordinated by the intermediary INTERMONTE SIM S.p.A., approved by the Company's Board of Directors on April 20, 2023 in compliance with the authorization of the Shareholders' Meeting received on the same date, pursuant to the relevant contract signed with the intermediary. Regarding the public acquisition offer promoted by Cometa S.r.l. (the "Offer") of which information was given in the significant events after the end of the quarter, it should be noted that the independent directors, meeting today under the coordination of the Lead Independent Director, at the conclusion of the selection procedure promptly activated, appointed Equita SIM S.p.A. as the independent advisor appointed to issue a fairness opinion on the fairness from the financial point of view of the Offer consideration, in support of the assessments on the Offer and the fairness of the takeover consideration that are the responsibility of the independent directors called upon to render the opinion referred to in Art. 39-bis of Consob Regulation No. 11971/1999. The Company's Board of Directors, having taken note of the assignment given by the independent directors, decided not to make use of additional independent experts, other than Equita SIM S.p.A., considering that it possesses the professional skills necessary to express a qualified evaluation and also considering that the selection process conducted by the independent directors provides adequate guarantees of independence and third party status.

## **Business outlook**

The results obtained by the Group as at 30 September 2023 confirm the robustness of the performances already recorded during the first six months. The factors behind the sound results relate to the reduction in energy commodity prices, primarily gas and electricity, which negatively impacted performance in financial year 2022, and a steady growth in turnover related to contractual inflationary adjustments, which are expected to continue in the coming months. The unstable geopolitical context and the possible repercussions connected with this remain difficult to interpret; however, the Group's business to date has only been indirectly impacted by the related dynamics. As envisaged, the most interesting factor in the short term for the management of the Group remains the increase in the cost of money and the dynamics connected to the interest rates applied by the interbank system, a structural problem that is carefully monitored to adopt measures aimed at curbing the inevitable incidence on the fundamental levers of the Group business. The management's medium-term strategy, albeit amidst the uncertainty of a situation deriving from the instability of energy and raw material costs that is expected to continue during the final period of 2023, envisages an organic consolidation of its leadership position in the Italian and foreign markets and a continuous search for optimisation and efficiencies. The Group will continue to operate to reach its objectives and comply with commitments under taken and aims to maintain a solid capital situation through an adequate financial balance and good creditworthiness with banking institutions.

## **Servizi Italia and the financial markets**

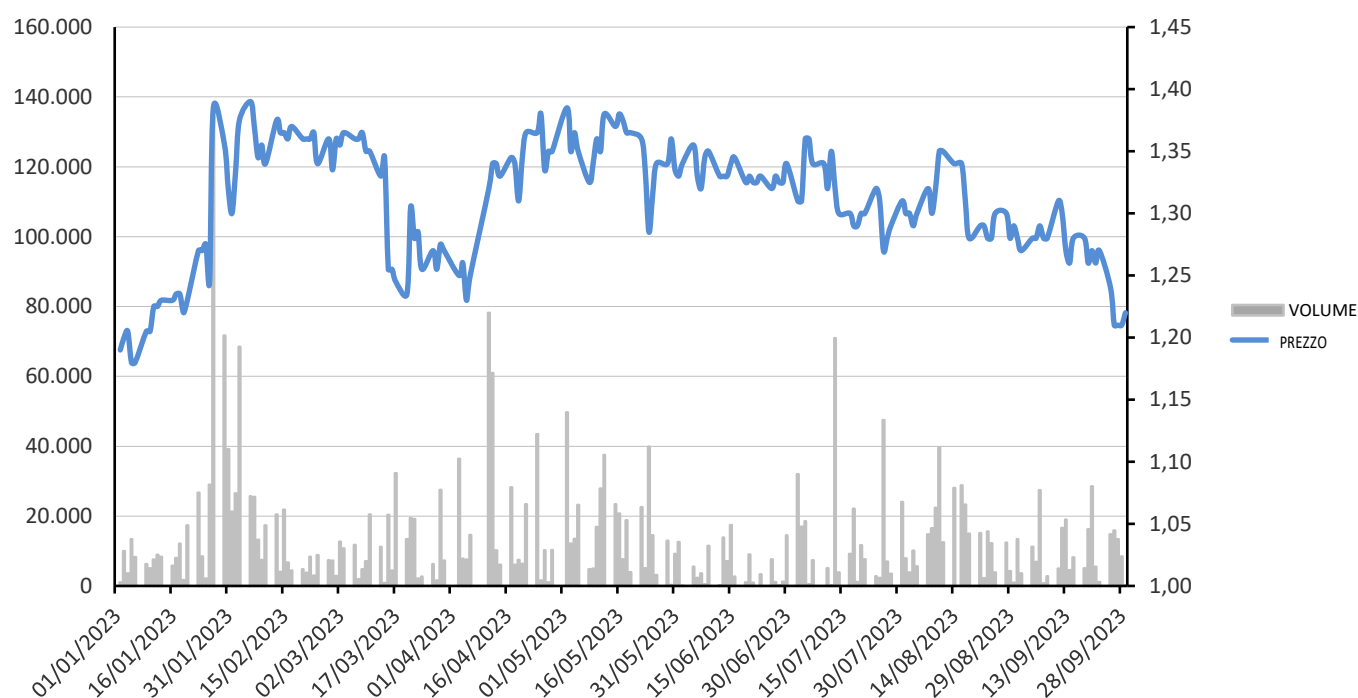
Since 22 June 2009, the Company's stock has been traded on the Euronext STAR Milan segment of Euronext Milan (EXM). The main share and stock exchange data as at 30 September 2023 are disclosed below along with share volume and price trends:

### Share and stock exchange data

30 September 2023

No. of shares making up the share capital	31,809,451
Price at IPO: 4 April 2007	8.50
Price as at 30 September 2023	1.22
Maximum price during the period	1.39
Minimum price during the period	1.18
Average price during the period	1.31
Volumes traded during the period	2,637,713
Average volumes during the period	13,951

### Share volumes and price as at 30 September 2023



During the reference period, the investor relations team participated in the Euronext STAR Conference in Milan (22 March 2023) and the TP ICAP Midcap Annual Conference 2023 in Paris (11 May 2023).

During the meetings, which were held in person, the Group's top management met with various analysts and investors; in addition to this, throughout the period, the Investor Relations Team remained available for individual and group calls with anyone interested in obtaining information and analysing activities and businesses. In addition to the research study by specialist Intermonte SIM, the Group also appointed TP ICAP (Appointed rep by Louis Capital Markets UK, LLP).

### Other information

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

of significant mergers, spin-offs, share capital increases through contributions in kind, acquisitions and transfers.

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

The Chairman of the Board of Directors

(Roberto Olivi)

## 4 ACCOUNTING SCHEDULES

### CONSOLIDATED STATEMENT OF FINANCIAL POSITION

<i>(thousands of Euros)</i>	30 September 2023	31 December 2022
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant and equipment	165,715	164,779
Intangible assets	3,231	3,783
Goodwill	61,778	62,394
Equity-accounted investments	32,945	33,067
Equity investments in other companies	2,938	3,113
Financial receivables	5,934	5,503
Deferred tax assets	12,245	11,309
Other assets	2,597	2,954
<b>Total non-current assets</b>	<b>287,383</b>	<b>286,902</b>
<b>Current assets</b>		
Inventories	8,788	8,553
Trade receivables	79,014	67,519
Current tax receivables	2,034	2,086
Financial receivables	8,984	7,080
Other assets	9,265	12,732
Cash and cash equivalents	4,165	18,165
<b>Total current assets</b>	<b>112,250</b>	<b>116,135</b>
<b>TOTAL ASSETS</b>	<b>399,633</b>	<b>403,037</b>
<b>SHAREHOLDERS' EQUITY AND LIABILITIES</b>		
<b>Group shareholders' equity</b>		
Share capital	29,317	29,432
Other reserves and retained earnings	102,043	97,205
Profit (loss) for the period	5,607	3,833
<b>Total shareholders' equity attributable to shareholders of the parent company</b>	<b>136,967</b>	<b>130,470</b>
<b>Total shareholders' equity attributable to non-controlling interests</b>	<b>3,317</b>	<b>3,003</b>
<b>TOTAL SHAREHOLDERS' EQUITY</b>	<b>140,284</b>	<b>133,473</b>
<b>LIABILITIES</b>		
<b>Non-current liabilities</b>		
Due to banks and other lenders	63,531	62,484
Deferred tax liabilities	2,973	2,870
Employee benefits	7,992	8,055
Provisions for risks and charges	6,965	6,386
Other financial liabilities	463	851
<b>Total non-current liabilities</b>	<b>81,924</b>	<b>80,646</b>
<b>Current liabilities</b>		
Due to banks and other lenders	71,737	81,760
Trade payables	81,448	85,077
Current tax payables	503	26
Employee benefits	-	-
Other financial liabilities	415	13
Provisions for risks and charges	1,958	2,097
Other payables	21,364	19,945
<b>Total current liabilities</b>	<b>177,425</b>	<b>188,918</b>
<b>TOTAL LIABILITIES</b>	<b>259,349</b>	<b>269,564</b>
<b>TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES</b>	<b>399,633</b>	<b>403,037</b>

## CONSOLIDATED INCOME STATEMENT

(thousands of Euros)	30 September 2023	30 September 2022
<b>Sales revenues</b>	<b>215,047</b>	<b>202,533</b>
Other income	5,790	5,753
Raw materials and consumables	(20,604)	(21,999)
Costs for services	(74,314)	(71,812)
Personnel expense	(69,254)	(67,273)
Other costs	(1,669)	(1,505)
Depreciation/amortisation, impairment and provisions	(42,502)	(42,489)
<b>Operating profit</b>	<b>12,494</b>	<b>3,208</b>
Financial income	886	1,718
Financial expenses	(9,265)	(4,092)
Income/(expense) from equity investments	358	362
Revaluation/impairment of equity-accounted investments	1,824	2,294
<b>Profit before tax</b>	<b>6,297</b>	<b>3,490</b>
Current and deferred taxes	(529)	303
<b>Profit (loss) for the period</b>	<b>5,768</b>	<b>3,793</b>
of which: portion attributable to shareholders of the parent	5,607	4,342
Attributable to non-controlling interests	161	(549)

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(thousands of Euros)	30 September 2023	30 September 2022
<b>Profit (loss) for the period</b>	<b>5,768</b>	<b>3,793</b>
<i>Other comprehensive income that will not be reclassified to the Income Statement</i>		
Actuarial gains (losses) on defined benefit plans	-	-
Income taxes on other comprehensive income	-	-
<i>Other comprehensive income that may be reclassified to the Income Statement</i>		
Gains (losses) from translation of foreign financial statements	(1,121)	5,017
Portion of comprehensive income of the investments measured using the equity method	65	2,389
Income taxes on other comprehensive income	-	-
<b>Total other comprehensive income after taxes</b>	<b>(1,056)</b>	<b>7,406</b>
<b>Total comprehensive income for the period</b>	<b>4,712</b>	<b>11,199</b>
of which: portion attributable to shareholders of the parent	5,403	11,952
Attributable to non-controlling interests	(691)	(753)

## CONSOLIDATED NET FINANCIAL POSITION

(thousands of Euros)	30 September 2023	31 December 2022	30 September 2022
Cash and cash equivalents in hand	29	24	23
Cash at bank	4,136	18,141	3,405
<b>Cash and cash equivalents</b>	<b>4,165</b>	<b>18,165</b>	<b>3,428</b>
Current financial receivables	8,984	7,080	6,720
Current due to banks and other lenders	(71,737)	(81,760)	(73,690)
<i>of which Financial liabilities under IFRS 16</i>	(3,779)	(3,360)	(3,353)
<b>Current net financial debt</b>	<b>(62,753)</b>	<b>(74,680)</b>	<b>(66,970)</b>
Non-current due to banks and other lenders	(63,531)	(62,484)	(62,548)
<i>of which Financial liabilities under IFRS 16</i>	(27,075)	(27,222)	(27,298)
<b>Non-current net financial debt</b>	<b>(63,531)</b>	<b>(62,484)</b>	<b>(62,548)</b>
<b>Net financial debt</b>	<b>(122,119)</b>	<b>(118,999)</b>	<b>(126,090)</b>

## 5 NOTES

### 5.1 Introduction

The Interim Report as at 30 September 2023 has been prepared in compliance with Art. 154-ter of the Consolidated Law on Finance.

The accounting principles and criteria adopted to prepare this Interim Report as at 30 September 2023, which has not been audited, are the same as those used to prepare the annual financial statements as at 31 December 2022, which should be referred to for the relevant description. The consolidated subsidiaries are San Martino 2000 S.c.r.l., Steritek S.p.A., Wash Service S.r.l., Ekolav S.r.l., SRI Empreendimentos e Participações Ltda (parent company of the companies: Lavsím Higienização Têxtil S.A., Maxlav Lavanderia Especializada S.A., Vida Lavanderias Especializada S.A., Aqualav Serviços De Higienização Ltda) and Ankateks Turizm İnşaat Tekstil Temizleme Sanayi ve Ticaret Anonim Şirketi (parent company of the 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).

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

This Interim Report is approved by the Board of Directors on 14 November 2023.

### 5.2 Performance by business segment and geographical area

The revenue from sales and services of Servizi Italia Group is shown below divided by business line for the periods ending 30 September 2023 and 30 September 2022.

(thousands of Euros)	30 September 2023	%	30 September 2022	%	% change	% organic change	% exchange rate change
Wash-hire	162,633	75.6%	154,041	76.1%	5.6%	7.8%	-2.2%
Linen sterilisation (Steril B)	13,761	6.4%	13,560	6.7%	1.5%	1.5%	0.0%
Surgical instrument sterilisation (Steril C)	38,653	18.0%	34,932	17.2%	10.7%	10.7%	0.0%
<b>Sales revenues</b>	<b>215,047</b>	<b>100.0%</b>	<b>202,533</b>	<b>100.0%</b>	<b>6.2%</b>	<b>7.8%</b>	<b>-1.7%</b>

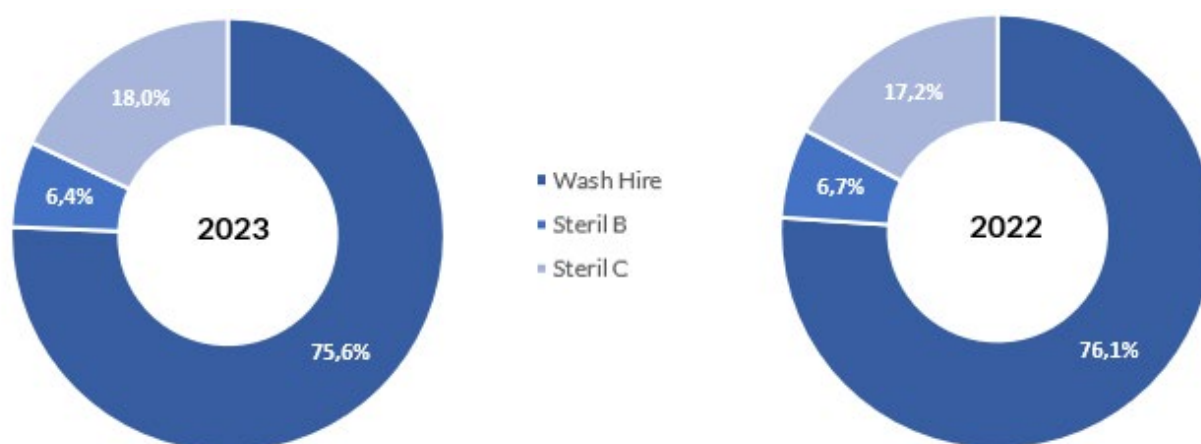
- Revenues from wash-hire services (which in absolute terms represent 75.6% of the Group's revenues) rose from Euro 154,041 thousand in the first nine months of 2022 to Euro 162,633 thousand in the same period of 2023, recording an increase of 5.6% (or 7.8% at constant exchange rates), supported both by robust growth in wash-hire in Italy (+4.5%) and by a rapid recovery deriving from the price adjustment in the Turkey area (+26.8%, or +103.8% at constant exchange rates). The Italy area benefits from the excellent performance in terms of revenues for the growth related to the inflation adjustments accrued and subscribed in the course of 2022 and during the first nine months of 2023. Revenues in the Brazil area also showed a positive change in the period of 7.3%, i.e. organic growth of 6.5% and an increase of 0.8% driven by the appreciation of the Brazilian Real against the Euro.
- Revenues from linen sterilisation services (Steril B) (which in absolute terms represent 6.4% of the Group's revenues) go from Euro 13,560 thousand in the first nine months of 2022 to Euro



13,761 thousand, with an increase of 1.5% due in part to greater disposable supplies in central Italy and in part to the increase in volumes of reusable technical fabric (TTR) processed in the north-east of Italy.

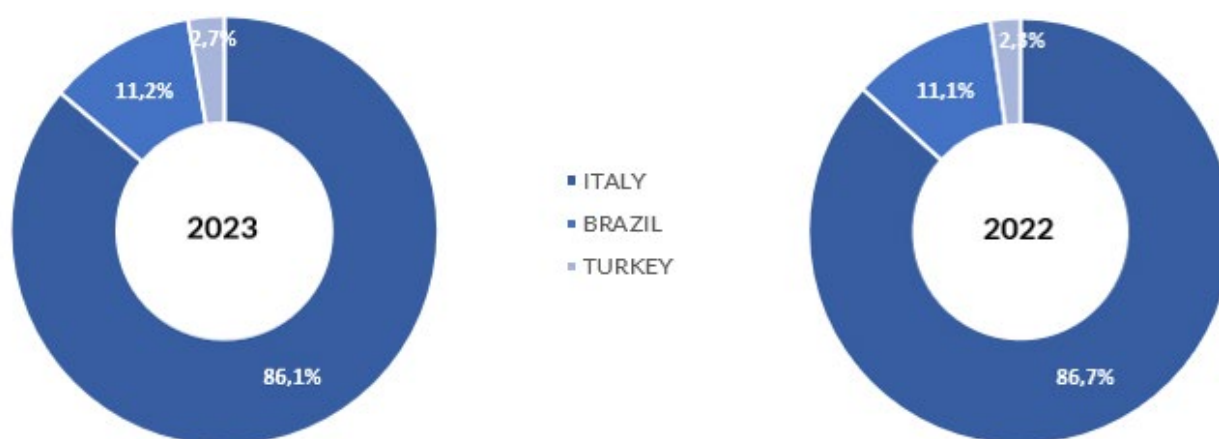
- Revenues from surgical instrument sterilisation services (Steril C) (which in absolute terms represent 18.0% of the Group's revenues) rose from Euro 34,932 thousand in 2022 to Euro 38,653 thousand in 2023, with an increase of 10.7% equal to Euro 3,721 thousand mainly due to higher operating activities recorded in the period in the Italy area and to the inflation adjustments accrued and subscribed in the course of 2022 and during the first nine months of 2023.

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



The revenue from sales and services of Servizi Italia Group is shown below divided by geographical area for the periods ending 30 September 2023 and 30 September 2022.

(thousands of Euros)	30 September 2023	%	30 September 2022	%	% change	% organic change	% exchange rate change
Italy	185,180	86.1%	175,537	86.7%	5.5%	5.5%	0.0%
Brazil	24,020	11.2%	22,386	11.1%	7.3%	6.5%	0.8%
Turkey	5,847	2.7%	4,610	2.3%	26.8%	103.8%	-76.9%
<b>Sales revenues</b>	<b>215,047</b>	<b>100.0%</b>	<b>202,533</b>	<b>100.0%</b>	<b>6.2%</b>	<b>7.8%</b>	<b>-1.7%</b>





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

### Property, plant and equipment

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

(thousands of Euros)	Land and buildings	Plant and machinery	Returnable assets	Equipment	Other assets	Assets under construction	Total
Historical cost	42,501	157,759	36,013	69,645	174,735	8,306	488,959
Accumulated depreciation	(13,606)	(115,225)	(28,534)	(58,885)	(107,930)	-	(324,180)
<b>Balance as at 1 January 2023</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>
Translation differences	(243)	(1,110)	77	59	372	223	(622)
High inflation effect in Turkey	336	1,397	-	-	193	-	1,926
Increases	2,989	4,397	417	3,511	26,108	4,320	41,742
Decreases	(60)	(65)	-	(21)	(610)	(324)	(1,080)
Depreciation	(2,646)	(5,738)	(920)	(3,098)	(28,628)	-	(41,030)
Impairments (reinstatements)	-	-	-	-	-	-	-
Reclassifications	100	1,714	(1)	72	73	(1,958)	-
<b>Balance as at 30 September 2023</b>	<b>29,371</b>	<b>43,129</b>	<b>7,052</b>	<b>11,283</b>	<b>64,313</b>	<b>10,567</b>	<b>165,715</b>
Historical cost	45,535	163,408	36,056	72,819	199,579	10,567	527,964
Accumulated depreciation	(16,164)	(120,279)	(29,004)	(61,536)	(135,266)	-	(362,249)
<b>Balance as at 30 September 2023</b>	<b>29,371</b>	<b>43,129</b>	<b>7,052</b>	<b>11,283</b>	<b>64,313</b>	<b>10,567</b>	<b>165,715</b>

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

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 İnşaat Tekstil Temizleme Sanayi ve Ticaret Ltd Şirketi ed Ergülteks Temizlik Tekstil Ltd. Sti.

The increases at 30 September 2023 mainly refer to investments in linen, included in the item Other assets, equal to Euro 24,628 thousand of which 19,138 thousand relating to the Italy area and Euro 5,490 thousand relating to the Brazil area. These investments aim at an increasingly efficient management of the warehouse supplied, both in the case of a partial renewal of contracts and on occasion of the first supply for contracts acquired during the period in question.

The item Land and Buildings recorded an increase of Euro 2,989 thousand mainly attributable to the change in the value of the right of use asset for the inflationary adjustment of lease contracts following the application of the IFRS 16 accounting standard.

The item Plant and Equipment recorded an increase of Euro 4,397 thousand, mainly relating to the plants in the Italy area for Euro 3,717 thousand and in the Brazilian area for Euro 612 thousand.

The item Industrial and commercial equipment shows increases of Euro 3,511 thousand, of which Euro 1,502 thousand relating to the purchase of surgical instruments for the first supply for contracts acquired and Euro 1,253 thousand for the purchase of industrial equipment.

The increases in Fixed assets in progress relate to works on third-party assets still under construction as at 30 September 2023. The item Work in progress consists mainly of Euro 6,085 in the Italy area, relating to the wash-hire division, and Euro 4,144 thousand in the Brazil area, relating to the commissioning of a sterilisation centre in the São Paulo area.

The reclassifications show decreases of Euro 1,958 thousand mainly relating to the entry into operation of new plants and machinery by the Parent Company.

## Intangible assets

This item changed as follows:

<i>(thousands of Euros)</i>	Trademarks, Software, Patents and Intellectual Property Rights	Customer contracts portfolio	Other intangible assets	Fixed assets in progress and payments on account	Total
Historical cost	8,358	8,367	500	285	17,510
Accumulated amortisation	(7,127)	(6,200)	(400)	-	(13,727)
<b>Balance as at 1 January 2023</b>	<b>1,231</b>	<b>2,167</b>	<b>100</b>	<b>285</b>	<b>3,783</b>
Translation differences	1	-	5	1	7
High inflation effect in Turkey	12	-	-	-	12
Increases	278	-	-	87	365
Decreases	-	-	-	-	-
Depreciation	(528)	(330)	(78)	-	(936)
Impairments (reinstatements)	-	-	-	-	-
Reclassifications	116	-	-	(116)	-
<b>Balance as at 30 September 2023</b>	<b>1,110</b>	<b>1,837</b>	<b>27</b>	<b>257</b>	<b>3,231</b>
Historical cost	8,731	8,367	531	257	17,886
Accumulated depreciation	(7,621)	(6,530)	(504)	-	(14,655)
<b>Balance as at 30 September 2023</b>	<b>1,110</b>	<b>1,837</b>	<b>27</b>	<b>257</b>	<b>3,231</b>

The increases in the item Trademarks, Software and Patent rights and use of intellectual property are mainly attributable to the purchase by the Parent Company of software licences. In addition, please note the increase in Fixed assets in progress and advances mainly relating to the purchase of new software licences by the Parent Company.

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

## Goodwill

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

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

(thousands of Euros)	as at 31 December 2022	Increases/ (Decreases)	Translation differences	as at 30 September 2023
CGU Italy	51,668	-	-	51,668
CGU Turkey	3,431	-	(1,073)	2,358
CGU Brazil	7,295	-	457	7,752
<b>Total</b>	<b>62,394</b>	<b>-</b>	<b>(616)</b>	<b>61,778</b>

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

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

At the date of approval of this Interim Report, no facts or events have taken place that may indicate an impairment loss in the goodwill recognised and tested for impairment at the end of 2022.

### Equity-accounted investments

This item changed as follows:

(thousands of Euros)	as at 30 September 2023	as at 31 December 2022
<b>Opening balance</b>	<b>29,674</b>	<b>24,988</b>
Increases/(decreases)	(756)	(91)
Reclassifications	(1,500)	-
OCI changes	65	2,531
Revaluations/(write-downs)	1,826	2,181
Translation differences	(434)	65
<b>Closing balance</b>	<b>28,875</b>	<b>29,674</b>
of which recognised among provisions for risk and charges	(4,070)	(3,393)
of which recognised among equity-accounted investments	32,945	33,067

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

The item Increases/(decreases) includes the acquisition of the shares in the company Tecnoconsulting Srl for Euro 440 thousand, for details of which see the paragraph “*Significant events and transactions*” and the decrease of Euro 1,502 thousand related to the sale the investment in the company Sanitary Cleaning Sh.pka in July 2023. The equity investment, conditional on the development of the industrial laundry market in the Albanian territory, is, considering future strategic scenarios, off-target as of today. Therefore, with a view to efficient resource management, the sale and disposal of the investment was assessed as the best option.

The item Reclassifications concerns the classification as a current financial receivable of Euro 1,500 thousand representing the portion of the share capital of the company Steril Piemonte Srl to be returned to the shareholders in accordance with art. 2482 of the Italian Civil Code.

The item OCI changes, positive for Euro 65 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.).

The item Revaluations/(write-downs) includes the revaluations of Finanza e Progetti SpA for Euro 1,679 thousand and of Saniservice Sh.pk for Euro 360 thousand and the write-down of Euro 663 thousand relating to Shubhram Hospital Solutions Private Limited.

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

### Other non-current assets

The item is broken down as follows:

<i>(thousands of Euros)</i>	as at 30 September 2023	as at 31 December 2022
Substitute tax Italian Decree Law 185/2008 subsequent years	507	1,219
Aqualav receivable in escrow account	1,511	1,422
Other non-current assets	579	313
<b>Total</b>	<b>2,597</b>	<b>2,954</b>

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

### Trade receivables

Trade receivables amount to Euro 79,014 thousand as at 30 September 2023, up by Euro 11,495 thousand compared to 31 December 2022.

Starting from the beginning of the year until 30 September 2023, the Servizi Italia Group carried out a number of transactions concerning the disposal of receivables for a total amount of Euro 65,947 thousand or a consideration of Euro 65,302 thousand.

### Other current assets

The item is broken down as follows:

<i>(thousands of Euros)</i>	as at 30 September 2023	as at 31 December 2022
Receivables from others	6,887	10,954
Deferred income	2,135	1,569
Guarantee deposits receivable	241	203
Accrued income	2	6
<b>Total</b>	<b>9,265</b>	<b>12,732</b>

The item Receivables from others is mainly composed of the VAT receivable requested for reimbursement for a total of Euro 3,169 thousand (Euro 4,729 as at 31 December 2022) and, for the remainder, mainly of advances and receivables from social security institutions, all due within the year. Prepayments increased primarily as a result of rentals and insurance premiums that were recognised at the beginning of the year. The item Guarantee deposits refers to energy utilities and rental contracts.

## Shareholders' equity

As at 30 September 2023, the fully subscribed and paid-up share capital of Servizi Italia S.p.A. was broken down into 31,809,451 ordinary shares with a nominal amount of Euro 1 each. In the first nine months of 2023, the Parent Company purchased 114,651 treasury shares for Euro 151 thousand, equal to 0.36% of the share capital, with an average purchase price of Euro 1.31 per share. Following these transactions, the Company held 2,492,002 treasury shares amounting to 7.83% of the share capital as at 30 September 2023. The value of the treasury shares held at 30 September 2023 of Euro 6,143 thousand was classified as a reduction in shareholders' equity.

There was also a negative effect of Euro 1,121 thousand on the translation reserves in the equity of companies that prepare their financial statements in foreign currencies, mainly as a result of the depreciation of the Turkish Lira which was more than proportionate to the appreciation of the Brazilian Real, while there was a positive effect, in contrast to the depreciation of the currency, arising from the high inflation in Turkey following the adoption of IAS 29 in the amount of Euro 2,262 thousand.

## Due to banks and other lenders

The item is broken down as follows:

(thousands of Euros)	as at 30 September 2023			as at 31 December 2022		
	Current	Non-current	Total	Current	Non-current	Total
Due to banks	67,534	36,456	103,990	78,354	35,262	113,616
Due to other lenders	4,203	27,075	31,278	3,406	27,222	30,628
<b>Total</b>	<b>71,737</b>	<b>63,531</b>	<b>135,268</b>	<b>81,760</b>	<b>62,484</b>	<b>144,244</b>

The portion of the payable falling due within 12 months relating to the item Due to banks as at 30 September 2023 presents a decrease with respect to 31 December 2022 of Euro 10,820 thousand as a result of lower recourse to self-financing credit lines and the mortgage payments made in the period. The portion of payables due beyond 12 months relating to the item Payables to banks as at 30 September 2023 shows an increase compared to 31 December 2022 of Euro 1,194 thousand due to the net effect of the repayment of the loan instalments due during the year and the taking out of new mortgages in the period, respectively, for Euro 10,000 thousand with Credit Agricòle S.p.A. and for Euro 8,000 thousand with Cassa di Risparmio di Bolzano S.p.A. Payables to other lenders as at 30 September 2023 relate, for the current portion, mainly to the debt incurred by the Turkish companies, as well as the financial debts connected with the lease contracts, recognised in the financial statements pursuant to accounting standard IFRS 16 for Euro 3,779 thousand.

The non-current portion of the balance as at 30 September 2023 is attributable to financial payables relating to lease contracts for Euro 27,075 thousand.

## Provisions for risks and charges

The item is broken down as follows:

<i>(thousands of Euros)</i>	as at 30 September 2023	as at 31 December 2022
<b>Opening balance</b>	<b>8,483</b>	<b>6,360</b>
Provisions	1,095	3,554
Payments/resolutions	(779)	(1,439)
Translation differences	124	8
<b>Closing balance</b>	<b>8,923</b>	<b>8,483</b>

The item includes the provision for coverage of losses on equity investments for Euro 4,070 thousand, which refers primarily to the investment in Shubhram Hospital Solutions Private Limited, and corresponds to the portion of the losses exceeding the value of the equity investment that will be covered in consideration of the commitments assumed with the local partner for the development of business in the Indian market. It should also be noted that the provisions recognised in the period amounted to Euro 1,095 thousand, of which Euro 663 thousand relate to the losses attributable to the Servizi Italia Group recorded by the equity investment Shubhram Hospital Solutions Private Limited, while approximately Euro 269 thousand were allocated to various provisions by the Parent Company.

The reduction in the provision for risks during the period primarily stems from the utilisation of Euro 320 thousand resulting from the Parent Company's loss in the Court of Appeal, leading to the payment of compensation to the opposing party. However, it should be noted that the Parent Company decided to appeal against the Court of Appeal ruling. The item Uses/resolutions also includes uses relating to the provision for onerous contracts by the Parent Company for Euro 215 thousand.

## Other non-current financial liabilities

The item is broken down as follows:

<i>(thousands of Euros)</i>	as at 30 September 2023	as at 31 December 2022
Payable for Wash Service S.r.l. put option	-	395
Payable for Steritek S.p.A. put option	463	456
<b>Total</b>	<b>463</b>	<b>851</b>

The change in the item is primarily related to the capitalisation of financial charges relating to the discounting of the debt of the option recorded. The short-term classification of the payable for the put option relating to 10% of the shares of Wash Service S.r.l., whose right exercise expires on 30 June 2024, should also be noted.

## Trade payables

The item is broken down as follows:

<i>(thousands of Euros)</i>	as at 30 September 2023	as at 31 December 2022
Due to suppliers	72,962	77,936
Due to associates	2,912	1,974
Due to parent company	5,031	5,167
Due to companies under the control of the parent companies	543	-
<b>Total</b>	<b>81,448</b>	<b>85,077</b>

## Other current financial liabilities

The item is broken down as follows:

<i>(thousands of Euros)</i>	as at 30 September 2023	as at 31 December 2022
Deferred price Aqualav Serviços De Higienização Ltda	14	13
Payables to Wash Service S.r.l. shareholders	401	-
<b>Total</b>	<b>415</b>	<b>13</b>

The change in the item is primarily related to the capitalisation of financial charges relating to the discounting of the debt of the option recorded. The short-term classification of the payable for the put option relating to 10% of the shares of Wash Service S.r.l., whose right exercise expires on 30 June 2024, should also be noted.

## Other current payables

The table below provides a breakdown of other current payables:

<i>(thousands of Euros)</i>	as at 30 September 2023	as at 31 December 2022
Deferred income and accrued expenses	1,026	714
Payables due to social security and welfare institutions	4,875	4,630
Due to employees	12,646	10,916
Employee/professional IRPEF (personal income tax) payable	1,374	2,791
Other payables	1,443	894
<b>Total</b>	<b>21,364</b>	<b>19,945</b>

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

## 5.4 Note on the main changes in the income statement

### Raw materials and consumables

As of 30 September 2023, the consumption of raw materials amounted to Euro 20,604 thousand, a decrease of Euro 1,395 thousand compared to the previous period, mainly as a result of lower costs incurred for the purchase of disposable products and PPE, which offset the higher costs incurred for consumables and fuels, spare parts and washing products, which were negatively affected by the persisting of increasing price dynamics in place. Consumption also refers to the purchase of chemical products and packaging.

### Costs for services

The item is broken down as follows:

(thousands of Euros)	from 1 January to 30 September	
	2023	2022
External laundering and other industrial services	24,939	24,841
Travel and transport	12,706	11,983
Utilities	16,441	17,277
Administrative costs	2,687	1,855
Consortium and sales costs	4,420	4,286
Personnel expense	2,471	2,181
Maintenance	6,740	6,633
Use of third-party assets	2,323	1,910
Other services	1,587	846
<b>Total</b>	<b>74,314</b>	<b>71,812</b>

The item Costs for services recorded an increase of 3.5% compared to the same period of the previous year of Euro 2,502 thousand, from Euro 71,812 thousand in the first nine months of 2022 to Euro 74,314 thousand during the first nine months of 2023. However, there was a decrease in terms of incidence on revenues, which went from 35.5% in 2022 to 34.6% in 2023; this decrease is mainly attributable to lower costs for utilities, which, positively affected by the improvement in tariffs observed in the third quarter of 2023, show a decrease of Euro 836 thousand, or a decrease of 0.9% in terms of relative incidence.

Travel and transport costs show an increase of Euro 723 thousand compared to 30 September 2022, mainly driven by the Brazil area due to the continued higher rates charged by suppliers, by the Parent Company in relation to the hotel sector, due to higher volumes generated compared to the previous financial year, as well as the launch of new tenders in the central-southern area of Italy. Administrative costs show an increase of Euro 832 thousand compared to 30 September 2022 due to higher costs attributable to extraordinary transactions by the Parent Company, as well as greater legal and administrative consultancy compared to the comparison period.

### Personnel expense

The item is broken down as follows:



<i>(thousands of Euros)</i>	from 1 January to 30 September	
	2023	2022
Costs for directors' fees	875	923
Salaries and wages	46,443	45,396
Temporary work	3,575	2,681
Social security charges	15,360	14,954
Employee severance indemnity	2,799	3,138
Other costs	202	181
<b>Total</b>	<b>69,254</b>	<b>67,273</b>

The item Personnel costs went from Euro 67,273 thousand as at 30 September 2022 to Euro 69,254 thousand as at 30 September 2023, recording an increase of Euro 1,981 thousand. The increase is mainly attributable to the Parent Company, as a result of the increase in volumes handled, as well as to the Turkey and Brazil area, due to the inflation adjustments applied. Although up in absolute terms, it should also be noted that the item Personnel costs showed a decrease in terms of relative incidence of 1.0% compared to the same period of 2022.

The average number of Group employees is shown in the following table:

	Units as at 30 September	
	2023	2022
Executives	18	17
Middle managers	38	36
White-collar staff	369	297
Blue-collar staff	3,108	3,277
<b>Total</b>	<b>3,533</b>	<b>3,627</b>

## Depreciation, amortisation and impairment

The item is broken down as follows:

<i>(thousands of Euros)</i>	from 1 January to 30 September	
	2023	2022
Amortisation of intangible assets	936	934
Depreciation of property, plant and equipment	41,030	41,618
Impairment and provisions	536	(63)
<b>Total</b>	<b>42,502</b>	<b>42,489</b>

The item Amortisation, depreciation and write-downs recorded an increase compared to the same period of the previous year of Euro 13 thousand, from Euro 42,489 thousand in the first nine months of 2022 to Euro 42,502 thousand in the same period of 2023, while the relative incidence is decreasing, from 21.0% to 19.8% in the first nine months of 2023.

## Financial income and expense

Financial income is broken down as follows:

(thousands of Euros)	from 1 January to 30 September	
	2023	2022
Bank interest income	8	54
Default interest	154	53
Interest income on loans to third-party companies	603	485
Other financial income	121	581
High inflation effect in Turkey	-	273
Exchange rate earnings	-	272
<b>Total</b>	<b>886</b>	<b>1,718</b>

Financial expenses are composed as follows:

(thousands of Euros)	from 1 January to 30 September	
	2023	2022
Interest expense and bank commission	(3,784)	(1,838)
Interest and expense to other lenders	(686)	(200)
High inflation effect	(597)	-
Financial expense on employee benefits	(156)	(24)
Exchange rate losses	(1,018)	-
Other financial expenses	(3,024)	(2,030)
<b>Total</b>	<b>(9,265)</b>	<b>(4,092)</b>

Financial income decreased from Euro 1,718 thousand as at 30 September 2022 to Euro 886 thousand as at 30 September 2023, showing a negative change of Euro 832 thousand. In the comparison period, in fact, there was a positive effect deriving from the revaluation of non-monetary items related to high inflation in Turkey for Euro 273 thousand, Euro 272 thousand for exchange gains as well as the remeasurement of the fair value of the debt for the put/call option prior to the purchase of 25% of the shares from the shareholders of Steritek S.p.A. for Euro 506 thousand.

Financial charges increased from Euro 4,092 thousand as at 30 September 2022 to Euro 9,265 thousand as at 30 September 2023, an increase of Euro 5,173 thousand primarily due to the increase in interest rates recorded for outstanding payables to credit institutions, to the exchange losses generated in the period mainly related to the depreciation of the Turkish lira against the euro and also to the adjustment effect of the non-monetary items deriving from the application of IAS 29 - Hyperinflation by the Turkish companies Ankateks Turizm İnşaat Tekstil Temizleme Sanayi ve Ticaret Ltd Şirketi and Ergülteks Temizlik Tekstil Ltd. Sti for Euro 597 thousand. The item Other financial charges includes the capital loss realised on the sale of the company Sanitary Cleaning Sh.pk equal to Euro 1,402 thousand and the charges relating to interest expense pursuant to IFRS 16.

### Current and deferred taxes

The item is broken down as follows:

(thousands of Euros)	from 1 January to 30 September	
	2023	2022
Current taxes	1,435	1,050
Deferred tax (assets)/liabilities	(906)	(1,353)
<b>Total</b>	<b>529</b>	<b>(303)</b>

Taxes for the period amount to Euro 529 thousand (positive by Euro 303 thousand as at 30 September 2022) and are mainly determined by the recognition in the income statement of current taxes for the period generated in the Italy area.

## 5.5 Consolidated net financial position

(thousands of Euros)	30 September 2023	31 December 2022	30 September 2022
Cash and cash equivalents in hand	29	24	23
Cash at bank	4,136	18,141	3,405
<b>Cash and cash equivalents</b>	<b>4,165</b>	<b>18,165</b>	<b>3,428</b>
Current financial receivables	8,984	7,080	6,720
Current due to banks and other lenders	(71,737)	(81,760)	(73,690)
<i>of which Financial liabilities under IFRS 16</i>	<i>(3,779)</i>	<i>(3,360)</i>	<i>(3,353)</i>
<b>Current net financial debt</b>	<b>(62,753)</b>	<b>(74,680)</b>	<b>(66,970)</b>
Non-current due to banks and other lenders	(63,531)	(62,484)	(62,548)
<i>of which Financial liabilities under IFRS 16</i>	<i>(27,075)</i>	<i>(27,222)</i>	<i>(27,298)</i>
<b>Non-current net financial debt</b>	<b>(63,531)</b>	<b>(62,484)</b>	<b>(62,548)</b>
<b>Net financial debt</b>	<b>(122,119)</b>	<b>(118,999)</b>	<b>(126,090)</b>

The change in net financial debt at 30 September 2023 compared to 31 December 2022 includes investments in materials, primarily textile linen products to be fed into the production process, for approximately Euro 36.5 million, equity investments and financial contributions in jointly controlled companies for a total of Euro 1.5 million. Therefore, the consolidated net financial position went from Euro 118,999 thousand as at 31 December 2022 to Euro 122,119 thousand as at 30 September 2023, with a negative change of Euro 3,120 thousand (of which Euro 272 thousand relating to the increase in financial liabilities relating to payables pursuant to IFRS 16). In addition to what has already been commented, the change is attributable to the significant growth in turnover recorded, to a concurrent increase in the average days of collection recorded in the period and to the reduction in average days of payment with respect to suppliers.

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

(thousands of Euros)	as at 30 September 2023	as at 31 December 2022	as at 30 September 2022
A. Cash and cash equivalents	4,165	18,165	3,428
B. Cash and cash equivalents	-	-	-
C. Other current financial assets	8,984	7,080	6,720
<b>D. Cash and cash equivalents (A)+(B)+(C)</b>	<b>13,149</b>	<b>25,245</b>	<b>10,148</b>
E. Current financial debt (including debt instruments, but excluding the current portion of non-current financial debt)	(45,269)	(53,363)	(47,249)
F. Current portion of non-current borrowings	(26,883)	(28,410)	(26,455)
<i>of which Financial liabilities under IFRS 16</i>	<i>(3,779)</i>	<i>(3,360)</i>	<i>(3,353)</i>
<b>G. Current financial debt (E) + (F)</b>	<b>(72,152)</b>	<b>(81,773)</b>	<b>(73,704)</b>
<b>H. Current net financial debt (G) - (D)</b>	<b>(59,003)</b>	<b>(56,528)</b>	<b>(63,556)</b>
I. Non-current financial debt (excluding the current portion and debt instruments)	(63,531)	(62,484)	(62,548)
<i>of which Financial liabilities under IFRS 16</i>	<i>(27,075)</i>	<i>(27,222)</i>	<i>(27,298)</i>
J. Debt instruments	-	-	-
K. Trade and other non-current payables	(463)	(851)	(846)
<b>L. Non-current financial debt (I) + (J) + (K)</b>	<b>(63,994)</b>	<b>(63,335)</b>	<b>(63,394)</b>
<b>M. Net financial debt (H) + (L)</b>	<b>(122,997)</b>	<b>(119,863)</b>	<b>(126,950)</b>

The Chairman of the Board of Directors

(Roberto Olivi)

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

The Financial Reporting Manager

(Angelo Minotta)