Annual Financial Report

as at 31 December 2023

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

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

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

(1) Member of the Governance and Related Parties Committee; (2) Lead Independent Director
(*) Members of the Executive Committee

Board of Statutory Auditors (in office until approval of the Separate Financial Statements as at 31 December 2025)

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

Supervisory Body (in office until 2 February 2025)

Name and Surname	Position
Veronica Camellini	Chairwoman
Antonio Ciriello	Member
Elena Martelli[1]	Member

[1]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;
Share Capital: Euro 31,809,451 fully paid-up
Tax code and Parma Register of Companies no. 08531760158; Certified email: si-servizitalia@postacert.cedacri.it
Founded: 1986
Listing segment: Euronext STAR Milan
Ordinary Share ISIN codes: IT0003814537, BLOOMBERG: SRI IM, REUTERS: SRI.MI
LEI Code: 815600C8F6D5ACBA9F86

Investor Relations

Pietro Giliotti (IRM)
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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 2023, 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
Ekolav S.r.l.	Lastra a Signa (Florence) – Italy	EUR	100,000	100%
Wash Service S.r.l.	Castellina di Soragna (Parma) – Italy	EUR	10,000	90%
Steritek S.p.A.	Malagnino (Cremona) – Italy	EUR	134,500	95%
San Martino 2000 S.c.r.l.	Genoa – Italy	EUR	10,000	60%
SRI Empreendimentos e Participações L.t.d.a.	City of São Paulo, State of São Paulo - Brazil	BRL	217,757,982	100%
Lavsim Higienização Têxtil S.A.	São Roque, State of São Paulo – Brazil	BRL	32,330,000	100%(*)
Maxlav Lavanderia Especializada S.A.	Jaguariúna, State of São Paulo – Brazil	BRL	2,825,060	100%(*)
Vida Lavanderias Especializada S.A.	São Roque, State of São Paulo – Brazil	BRL	3,600,000	100%(*)
Aqualav Serviços De Higienização Ltda	Vila Idalina, Poá, State of São Paulo – Brazil	BRL	15,400,000	100%(*)
Ankateks Turizm İnşaat Tekstil Temizleme Sanayi ve Ticaret Ltd Şirketi	Ankara – Turkey	TRY	85,000,000	55%
Ergülteks Temizlik Tekstil Ltd. Sti.	Ankara - Turkey	TRY	1,700,000	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	10,000	51%(**)

(*) *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
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%(*)
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%

[*] *The 15.05% indirect shareholding held through Iniziative 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 2023, prepared in compliance with the IAS/IFRS international accounting standards. The Group's main financial highlights as at 31 December 2023 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), 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 130,413 thousand. The profit (loss) for the year was equal to Euro 3,416 thousand, realized after recognising a negative amount of Euro 1,025 thousand for current, prepaid and deferred taxes and Euro 44,657 thousand for amortisation, depreciation, impairments and provisions.

1 Main income statement figures

The table below shows a comparison of the main 2023 income statement figures with the results for 2022:

(thousands of Euros)	31 December 2023	31 December 2022	Change	Change % on turnover
Revenues	233,880	219,951	13,929	6.3%
EBITDA[a]	58,779	49,045	9,734	4.4%
EBITDA %	25.1%	22.3%		
Operating profit (EBIT)	14,122	3,401	10,721	4.9%
Operating profit (EBIT) %	6.0%	1.5%		
Profit before tax	4,440	480	3,960	1.8%
Profit before tax %	1.9%	0.2%		
Net profit	3,416	1,739	1,677	0.8%
Net profit %	1.5%	0.8%		

[a] *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 previous financial year had felt the effects of the extraordinary components and, therefore, the main *adjusted* indicators are reported below:

(thousands of Euros)	31 December 2023	31 December 2022	*(1)*	31 December 2022 Adjusted	Change Adjusted	Change % Adj.
Revenues	233,880	219,951	2,342	222,293	11,587	5.2%
EBITDA[(a)]	58,779	49,045		51,387	7,392	
EBITDA %	25.1%	22.3%		23.1%		2.0%
Operating profit (EBIT)	14,122	3,401		5,743	8,379	
Operating profit (EBIT) %	6.0%	1.5%		2.6%		3.5%
Profit before tax	4,440	480		2,822	1,618	
Profit before tax %	1.9%	0.2%		1.3%		0.6%
Net profit	3,416	1,739	1,689	3,428	(12)	
Net profit %	1.5%	0.8%		1.5%		0.0%

[(a)] *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 pertaining to the 2022 financial year 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 Aiuti-bis Decree (Aid-bis Decree) and the respective tax effect of Euro 653 thousand. For further information, please refer to the paragraph "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 2023 with the figures as at 31 December 2022 (in thousands of Euros):

(thousands of Euros)	31 December 2023	31 December 2022	Change	Change %
Net operating working capital[(a)]	(10,864)	(17,322)	6,458	-37.3%
Other current assets/liabilities[(b)]	(10,903)	(8,375)	(2,528)	30.2%
Net working capital	**(21,767)**	**(25,697)**	**3,930**	**-15.3%**
Non-current assets – medium/long-term provisions	258,319	263,366	(5,047)	-1.9%
of which Rights of use under IFRS 16	23,591	23,955	(364)	-1.5%
Net invested capital	**236,552**	**237,669**	**(1,117)**	**-0.5%**
Shareholders' equity (B)	130,413	126,441	3,972	3.1%
Net financial debt[(d)] (A)	106,139	111,227	(5,088)	-4.6%
of which Rights of use under IFRS 16	26,356	26,132	224	0.9%
Net invested capital[(c)]	**236,552**	**237,669**	**(1,117)**	**-0.5%**
***Gearing* [A/(A+B)]**	**44.9%**	**46.8%**		
Debt/Equity (A/B)	**81.4%**	**88.0%**		

[(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)] *Company management has defined net invested capital as the sum of Company's Shareholders' equity and net financial debt.*
[(d)] *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 2023 and as at 31 December 2022 (in thousands of Euros):

(thousands of Euros)	31 December 2023	31 December 2022	Change
Cash flow generated (absorbed) by operations	46,596	51,036	(4,440)
Net cash flow generated (absorbed) by investment activities	(39,978)	(43,529)	3,551
Net cash flow generated (absorbed) by financing activities	(20,511)	7,157	(27,668)
Increase/(decrease) in cash and cash equivalents	**(13,893)**	**14,664**	**(28,557)**
Opening cash and cash equivalents	15,430	766	14,664
Closing cash and cash equivalents	1,537	15,430	(13,893)

SERVIZI ITALIA GROUP

The consolidated financial statements as at 31 December 2023 present Group shareholders' equity of Euro 135,566 thousand and shareholders' equity attributable to non-controlling interests of Euro 2,977 thousand. The profit (loss) for the year was equal to Euro 5,331 thousand. This result was achieved after recognising a negative amount of Euro 780 thousand for current, prepaid and deferred taxes and Euro 56,400 thousand for amortisation, depreciation, impairment and provisions.

The companies, consolidated line-by-line in the financial statements for the period ended 31 December 2023, 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 3,935 thousand, an EBITDA of Euro 843 thousand, an EBIT of Euro 720 thousand and a profit pertaining to the Group of Euro 464 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 Jaguariúna, 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 32,300 thousand, EBITDA for Euro 7,458 thousand and EBIT for Euro -1,167 thousand and a result pertaining to the Group for Euro -1,301 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 7,030 thousand, EBITDA for Euro 1,416 thousand and EBIT for Euro 1,140 thousand and a profit pertaining to the Group for Euro -351 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 healthcare and hospital facilities, nursing homes and retirement facilities. The consolidation of Wash Service S.r.l. generated sales revenues for Euro 9,785 thousand, an EBITDA of Euro 1,066 thousand, an EBIT of Euro 133 thousand and a result pertaining to the Group of Euro 6 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 5,453 thousand, an EBITDA of Euro 1,111 thousand, an EBIT of Euro 98 thousand and a result pertaining to the Group of Euro -125 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:

(thousands of Euros)	2023 Profit (Loss)	2023 Shareholders' equity	2022 Profit (Loss)	2022 Shareholders' Equity
Profit (loss) and shareholders' equity of the parent company	**3,416**	**130,413**	**1,739**	**126,441**
Profit (loss) and shareholders' equity of the subsidiaries	(1,473)	64,398	(1,237)	63,084
Elimination of equity investments in consolidated subsidiaries	1,307	(77,070)	799	(76,654)
Consolidation differences due to goodwill	-	16,195	-	17,152
Other surplus value emerging at the time of acquisition	-	134	-	134
Registration of options on non-controlling interests	(17)	(868)	37	(851)
Valuation of associate companies and jointly-controlled companies with the equity method	2,098	5,341	2,090	4,167
Consolidated profit (loss) and shareholders' equity	**5,331**	**138,543**	**3,428**	**133,473**
Allocation of non-controlling interests' profit (loss) and shareholders' equity	(132)	2,977	(405)	3,003
Group profit (loss) and shareholders' equity	**5,463**	**135,566**	**3,833**	**130,470**

2 Main consolidated income statement figures

The table below shows a comparison of the main figures of the 2023 consolidated Income Statement with those of the 2022 consolidated Income Statement (in thousands of Euros):

(thousands of Euros)	31 December 2023	31 December 2022	Change	Change % on turnover
Revenues	287,915	270,313	17,602	6.5%
EBITDA[(a)]	71,400	59,687	11,713	
EBITDA %	24.8%	22.1%		2.7%
Operating profit (EBIT)	15,000	2,928	12,072	
Operating profit (EBIT) %	5.2%	1.1%		4.1%
Profit before tax	6,111	1,904	4,207	
Profit before tax %	2.1%	0.7%		1.4%
Net profit	5,331	3,428	1,903	
Net profit %	1.9%	1.3%		0.6%

[(a)] 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 previous financial year had felt the effects of the extraordinary components and, therefore, the main *adjusted* indicators are reported below:

(thousands of Euros)	31 December 2023	31 December 2022	*(1)*	31 December 2022 *adjusted*	Change Adjusted	Change % adj.
Revenues	287,915	270,313	2,342	272,655	15,260	5.6%
Ebitda(a)	71,400	59,687		62,029	9,371	
EBITDA %	24.8%	22.1%		22.7%		2.0%
Operating profit (EBIT)	15,000	2,928		5,270	9,730	
Operating profit (EBIT) %	5.2%	1.1%		1.9%		3.3%
Profit before tax	6,111	1,904		4,246	1,865	
Profit before tax %	2.1%	0.7%		1.6%		0.6%
Net profit	5,331	3,428	1,689	5,117	214	
Net profit %	1.9%	1.3%		1.9%		0.0%

[(a)] 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 pertaining to the 2022 financial year 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 Aiuti-bis Decree (Aid-bis Decree) and the respective tax effect of Euro 653 thousand. For further information, please refer to the paragraph "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 2023 with the figures as at 31 December 2022 (in thousands of Euros):

(thousands of Euros)	31 December 2023	31 December 2022	Change	Change %
Net operating working capital[(a)]	(3,246)	(9,005)	5,759	-64.0%
Other current assets/liabilities[(b)]	(11,194)	(7,263)	(3,931)	54.1%
Net working capital	**(14,440)**	**(16,268)**	**1,828**	**-11.2%**
Non-current assets – medium/long-term provisions	269,683	268,740	943	0.4%
of which Rights of use under IFRS 16	*28,246*	*28,210*	*36*	*0.1%*
Invested capital	**255,243**	**252,472**	**2,771**	**1.1%**
Shareholders' equity (B)	138,543	133,473	5,070	3.8%
Net financial debt[(d)] (A)	116,700	118,999	(2,299)	-1.9%
of which Financial liabilities under IFRS 16	*31,370*	*30,582*	*788*	*2.6%*
Invested capital[(c)]	**255,243**	**252,472**	**2,771**	**1.1%**
***Gearing* [A/(A+B)]**	**45.7%**	**47.1%**		
Debt/Equity (A/B)	**84.2%**	**89.2%**		

[(a)] 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.

[(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 Group management has defined net invested capital as the sum of Shareholders' equity and net financial debt.*
[(d)] *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

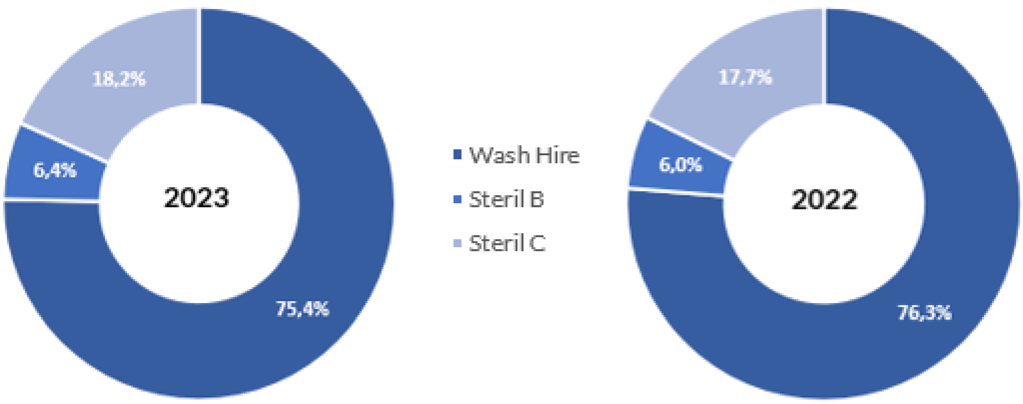
The table below presents a comparison between the main consolidated cash flow figures as at 31 December 2023 and as at 31 December 2022 (in thousands of Euros):

(thousands of Euros)	31 December 2023	31 December 2022	Change
Cash flow generated (absorbed) by operations	55,909	56,382	(473)
Net cash flow generated (absorbed) by investment activities	(51,486)	(50,418)	(1,068)
Net cash flow generated (absorbed) by financing activities	(17,845)	8,935	(26,780)
Increase/(decrease) in cash and cash equivalents	**(13,422)**	**14,899**	**(28,321)**
Opening cash and cash equivalents	18,165	3,217	14,948
Effect of exchange rate fluctuations	12	(49)	61
Closing cash and cash equivalents	4,731	18,165	(13,434)

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

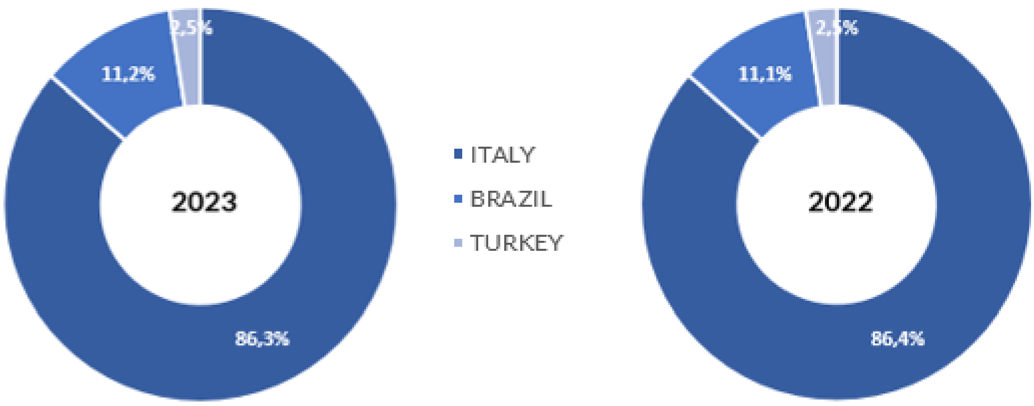
Servizi Italia S.p.A.'s business performance recorded revenues from sales and services in 2023 of Euro 233,880 thousand in total, an increase of 6.3% compared to 2022 (or 5.2% *adjusted*).
The consolidated turnover of the Servizi Italia Group was equal to Euro 287,915 thousand, with a 6.5% increase or 8.1% at constant exchange rates and 5.6% *adjusted* with respect to 2022, with the following performance by sector and region:

- Revenues from wash-hire services (which in absolute terms represent 75.4% of the Group's revenues) rose from Euro 206,223 thousand in 2022 to Euro 216,949 thousand in 2023, recording an increase of 5.2% (or 7.3% at constant exchange rates), supported both by robust growth in wash-hire in Italy (+4.9%) and by a rapid recovery deriving from the price adjustment in the Turkey area (+67.7% 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 in 2023. Revenues in the Brazil area also showed a positive change in the period of 7.8%, i.e. organic growth of 7.0% and a positive change 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) went from Euro 16,161 thousand in 2022 to Euro 18,443 thousand in 2023, an increase of 14.1% primarily due to the allocation relating to the payback recorded in 2022 of Euro 2,342 thousand. Net of the effects deriving from the allocations of coverage required by the payback rule, in fact, the change would be Euro 164 thousand (+0.9%).
- Revenues from surgical instrument sterilisation services (Steril C) (which in absolute terms represent 18.2% of the Group's revenues) rose from Euro 47,929 thousand in 2022 to Euro 52,523 thousand in 2023, with an increase of 9.6% equal to Euro 4,594 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 in 2023.



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 2023 and 2022:

(thousands of Euros)	31-Dec 2023	%	31-Dec 2022	%	Change %	% Organic change	% Exchange rate change
Revenues - Italy	248,585	86.3%	233,490	86.4%	6.5%	6.5%	0%
Revenues - Turkey	7,030	2.5%	6,855	2.5%	2.6%	67.7%	-65.2%
Revenues - Brazil	32,300	11.2%	29,968	11.1%	7.8%	7.0%	-0.8%
Sales revenues	**287,915**	**100%**	**270,313**	**100%**	**6.5%**	**8.1%**	**-1.6%**



Business performance

Servizi Italia S.p.A.

EBITDA went from Euro 49,045 thousand as at 31 December 2022 to Euro 58,779 thousand in 2023, going from 22.3% (23.1% *adjusted*) to 25.1% of revenues showing an increase in the EBITDA margin of 2.8% (2.0% *adjusted*). In 2023, all business lines performed well. The benefits are mainly related to the concomitant effect of the inflationary adjustments on contractual prices and the benefit of the tax credit on gas and electricity of Euro 1,840 thousand. It should also be noted that the accrual of the aforementioned receivable was terminated on 1 July 2023. The year 2023 shows a significant decrease in terms of incidence of costs for services (-2.0%), albeit growing in absolute value (+0.8%). This improvement is essentially attributable to the drop in the prices of the main energy sources such as gas (Euro -2,049 thousand or -1.2% in terms of relative incidence) and electricity (Euro -98 thousand or -

0.2% in terms of relative incidence), as well as lower incidence of costs for external laundering services (-0.3%) and lower costs for linen storage services in relation to the evolution of the scope of customers served. Also to be noted is 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 in terms of incidence on turnover (-0.6%) compared to the previous year, albeit growing in absolute value (+4.5%) following the increase in volumes processed and the wage increases envisaged by the entry into force of the new National Labour Contractual Agreement applied from March and December 2023.

The operating result (**EBIT**) went from Euro 3,401 thousand in 2022 (EBIT margin 1.5%) or Euro 5,743 thousand *adjusted* (*adjusted* EBIT margin of 2.6%) to Euro 14,122 thousand in 2023 (EBIT margin 6.0%), mainly due to the dynamics already described above in comments on the change in turnover and EBITDA. There was also a 1.7% decrease in the incidence of amortisation, depreciation and impairment on turnover in 2023.

Financial management showed a marked increase in financial expenses of Euro 6,223 thousand compared to the previous year, mainly due to the strong increase in interest rates applied by the interbank system, exchange losses of Euro 1,412 thousand mainly referring to the depreciation of the Turkish Lira against the Euro and the capital loss deriving from the disposal of the equity investment in Sanitary Cleaning Sh.p.k. for Euro 1,200 thousand.

The separate financial statements of Servizi Italia S.p.A. as at 31 December 2023 therefore closed with a **net profit** of Euro 3,416 thousand compared to a net profit of Euro 1,739 thousand in the previous year.

Servizi Italia Group

Consolidated **EBITDA** increased from Euro 59,687 thousand as at 31 December 2022 to Euro 71,400 thousand in the same period of 2023, from 22.1% (22.7% *adjusted*) to 24.8% of revenues, showing an increase in absolute value of 19,6% (15.1% *adjusted*). The year 2023 was 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 on gas and electricity in Italy of Euro 1,971 thousand. It should also be noted that the accrual of the aforementioned receivable was terminated on 1 July 2023. The 2023 financial year also showed a substantial improvement both in absolute value and in terms of incidence on revenues from the main energy sources such as gas (Euro -3,255 thousand or -1.5% relative incidence) and electricity (Euro -369 thousand or -0.3% relative incidence), as well as a lower incidence of costs for external laundry services in the Italy area (-0.6%). Also to be noted is a decrease of 1.1% 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 in terms of incidence on turnover (-0.4%) compared to the previous year, albeit growing in absolute value (+5.3%) following the increase in volumes processed and the wage increases envisaged by the entry into force of the new National Labour Contractual Agreement from March and December 2023 in Italy. During the year, operating margins grew strongly in the Turkey area (EBITDA margin going from -4.8% to 20.1%), 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 26.1% to 23.2%) partly due to the continued upward trend in material and energy costs and the start-up phase of the sterilisation centre in São Paulo.

The consolidated operating result (**EBIT**) went from Euro 2,928 thousand in 2022 (1.1% of turnover) or Euro 5,270 thousand *adjusted* (1.9% of turnover) to Euro 15,000 thousand in 2023 (5.2% of turnover for the year), 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 and impairment (-1.4%).

Financial management showed a marked increase of Euro 6,840 thousand compared to the previous year, mainly due to the strong increase in interest rates applied by the interbank system and exchange losses of Euro 1,421 thousand mainly referring to the depreciation of the Turkish Lira against the Euro and financial charges of Euro 876 thousand connected to 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 year are negative for Euro 780 thousand and mainly concern the recognition in the income statement of current tax recognised by the Parent Company.

The consolidated financial statements as at 31 December 2023, therefore, closed with a **net profit** of Euro 5,331 thousand compared to a net profit of Euro 3,428 thousand in the previous financial year.

Servizi Italia Group investments

Group investments in 2023 amounted to Euro 52.7 million, up compared to Euro 51 million in 2022, mainly due to greater investments in plant and machinery in the Italy area and greater investments in linen in the Brazil area. During 2023, the decrease is highlighted in investments in the Italy area of approximately Euro 4.5 million in purchases of linen and technical fabrics, increasing from Euro 31.0 million in 2022 to about Euro 26.5 million in 2023 (50.3% of the total investments made). This decrease is attributable to lower dressing services carried out during the 2023 financial year and in part to the efficiency and containment actions of the investments carried out during the 2022 financial year and continued in 2023. On the other hand, investments in property, plant and equipment other than linen were slightly up in the Italy area compared to 2022, from Euro 11.1 million in 2022 to Euro 16.4 million in 2023, recording an increase of Euro 5.3 million mainly attributable to the investments made by the Parent Company. In the Brazilian area, in organic terms, investments in linen increased by Euro 0.4 million, in addition to a translation effect of Euro 0.1 million, from Euro 6.6 million in 2022 to Euro 7.1 million in 2023, 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 from business income of the so-called “super-amortisation and hyper-amortisation”, as required by the 2017 Budget Law (Italian Law 232/2016) and of credit for investments in capital goods pursuant to Italian Law 160/2019 and Italian Law 178/2020.

Significant events and transactions

On 28 March 2023, the first sterilisation centre 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 centre 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.

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 was defined on a preliminary basis between the parties as Euro 2,700 thousand.

On 9 November 2023, Cometa S.r.l., a subsidiary fully owned by the controlling shareholder Aurum S.p.A. (in turn a full subsidiary of Coopservice Soc. Coop. p.A.), pursuant to art. 102, paragraph 1, of Italian Legislative Decree no. 58 of 24 February 1998, as subsequently amended and supplemented ("Consolidated Finance Act") and art. 37 of the Regulations adopted by CONSOB with resolution no. 11971 of 14 May 1999, as subsequently amended and supplemented ("Issuers' Regulations"), communicated the decision to launch a full voluntary tender offer on the ordinary shares of Servizi Italia S.p.A., net of the ordinary shares held by the parent company Aurum S.p.A. (equal to 17,601,424 ordinary shares representing approximately 55.334% of the share capital) and of the treasury shares held by the Company (equal to 2,507,752 ordinary shares representing approximately 7.884% of the share capital), aimed at the delisting of the Company's shares from Euronext Milan, a regulated market organised and managed by Borsa Italiana S.p.A.

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 financial year 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

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 2021, which is posted on the Company's website.

Significant events after the end of the year

On 23 January 2024, the final results relating to the full voluntary tender offer (the "Offer") pursuant to art. 102, paragraph 1, and art. 106, paragraph 4, of Italian Legislative Decree no. 58/1998, as subsequently amended and supplemented (the "Consolidated Finance Act"), promoted by Cometa S.r.l. (the "Offeror") on the shares of Servizi Italia S.p.A. ("Servizi Italia" or the "Issuer"). According to the final results communicated by the Intermediary in charge of Coordinating the Collection of Acceptances (Banca Akros), at the end of the Acceptance Period, as extended, a total of 7,264,676 Shares were included in the Offer, representing 22.838% of the Issuer's share capital and equal to 64.147% of the Shares referred to in the Offer, for a total value of Euro 13,948,177.92. On the basis of the final results of the Offer, taking into account (i) of the 7,264,676 Shares included in the Offer during the Acceptance Period, as extended, (ii) of the Shares held by Persons Acting in Concert at the Announcement Date or subsequently purchased by them (i.e. the 17,976,662 Shares held by the Reference Shareholder), and (iii) of the 2,507,752 Treasury Shares, as a result of the Offer, the Offeror, together with the Persons Acting in Concert, would hold a total of 27,749,090 Shares, representing 87.235% of the Issuer's share capital. The final results therefore confirm the failure of the Offeror, together with the Persons Acting in Concert, to achieve an overall shareholding of more than 90% of the Issuer's share capital. Therefore, since the Offer is subject to the inalienable condition of achievement by the Offeror, of a threshold exceeding 90% of the Issuer's share capital, including also the Shares held by the Persons Acting in Concert and the Treasury Shares (Threshold Condition), the achievement of a total equity investment of less than 90% of the Issuer's share capital determines the ineffectiveness of the Offer. The Shares included in the Offer were returned and again included into the ownership of their respective holders, without any charges or expenses borne by the same.

On 19 February 2024, the Board of Directors of Servizi Italia approved the plan for the merger by incorporation of the wholly-owned subsidiary Ekolav S.r.l., operating on the Italian market in the linen wash-hire sector for healthcare and social welfare facilities. This merger is part of a corporate simplification and reorganisation process launched by the merging entity with the aim of pursuing greater production synergies - in consideration of commercial prospects and with a view to harmonising and optimising customer service - as well as containment of overheads. Once approved by the competent bodies of the companies participating in the merger, the merger is not subject to the approval of other bodies and will take effect with respect to third parties from the date on which the last of the registrations prescribed by Article 2504 of the Italian Civil Code or by any other subsequent date established in the merger deed, whose stipulation is reasonably expected by the current year 2024.

Business outlook

The results obtained by the Group as at 31 December 2023 confirm the continuous growth in the performance of all business lines in terms of operating results. The factors behind the sound results relate to the reduction in energy commodity prices, primarily gas and electricity, which negatively impacted performance in the 2022 financial year, and a steady growth in turnover related to contractual inflationary adjustments. Moreover, with regard to the Israeli-Palestine conflict, which has sharply intensified in recent months, the Group is monitoring the evolution of the situation despite the fact that, at present, it does not see any direct impacts on its business as it does not have strategic stakeholders directly affected by these events. Although the short and medium-term forecasts are complex due to the destabilising geopolitical context and of the increase recorded in the cost of money through increases in interest rates of the interbank system, the Group expects positive results overall for the financial year 2024. The sound elements counteracting this period of uncertainty are based on the Group's customer portfolio and its leadership position, its sterilisation business diversification strategy in the Brazil area and a greater stability in the economic situation in the Turkey area. The Group’s ability to direct its efforts to more profitable domestic and foreign investments, rationalising the increasingly marginal commitments, and the ability to seize the opportunities offered by the market, will be fundamental in the near future. In the medium-term strategy, despite the uncertainty of the situation due to the increase in interest rates, a structural and continuously monitored situation in order to adopt actions aimed at limiting its inevitable impact on the business' fundamental levers, the Group envisages an organic consolidation of the leadership position in the Italian and foreign market and a continuous search for optimisation and efficiencies. The Group will continue to operate to reach its objectives and comply with commitments undertaken and aims to maintain a solid capital situation through an adequate financial balance and good creditworthiness with banking institutions.

Derivatives

As at 31 December 2023, 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:

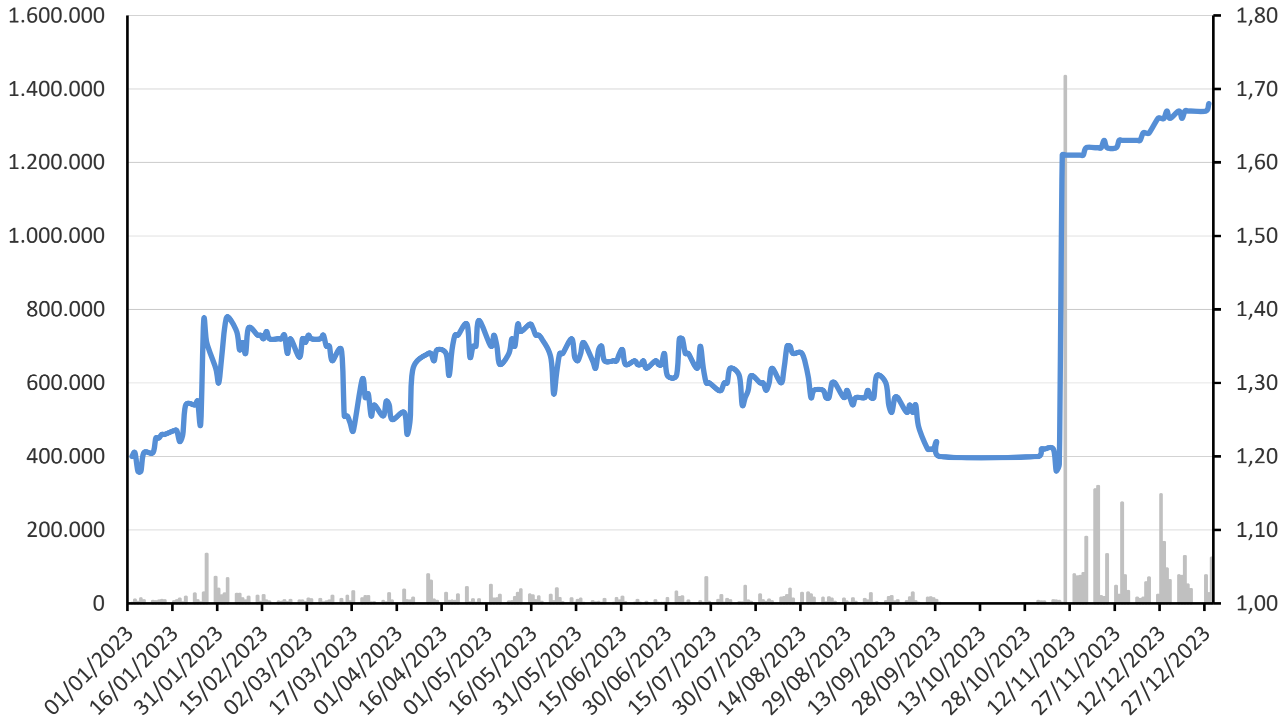
City	Address	City	Address
Arco (Trento)	Via Linfano, 6	Palermo (Palermo)	Piazza Nicola Leotta, 4
Ariccia (Roma)	Via Quarto Negroni, 58	Palmanova (Udine)	Via Natisone, 11
Bergamo (Bergamo)	Piazza Org. Mond. Sanità, 1	Pavia di Udine (Udine)	Viale Grado, 51
Brescia (Brescia)	Piazzale Spedali Civili, 1	Piacenza (Piacenza)	Via Machiavelli, 29
Busto Arsizio (Varese)	Via Arnaldo da Brescia, 1	Prato (Prato)	Via Ugo Foscolo, 7
Cividale del Friuli (Udine)	Piazzale dell'Ospedale, 2	Romano di Lombardia (Bergamo)	Via S. Francesco D'Assisi, 12
Crema (Cremona)	Via Largo Ugo Dossena, 2	San Daniele del Friuli (Udine)	Viale Trento Trieste, 2
Ferrara (Ferrara)	Via Aldo Moro, 8	San Dorligo della Valle (Trieste)	Via Travnik, 20
Florence (Firenze)	Lungo Rio Freddo, 15	San Giuliano Milanese (MI)	Via Brianza 9-11
Fiume Veneto (Pordenone)	Via Pontebbana, 15	Sarzana (La Spezia)	Via Cisa SN
Genoa (Genova)	Largo Rosanna Benzi, 10	Travagliato (Brescia)	Via Sambrioli, 1
Genova Bolzaneto (Genova)	Via Albisola, snc	Treviglio (Bergamo)	Piazzale Ospedale L. Meneguzzo, 1
Lastra a Signa (Florence)	Via Livornese, 68	Treviso (Treviso)	Via Cittadella della Salute, 3/B
Messina (Messina)	Via Consolare Valeria, 1	Treviso (Treviso, Italy)	Piazza Ospedale, 1
Milan (Milano)	Via Michelangelo Buonarroti, 48	Udine (Udine)	Piazzale Maria della Misericordia, 15
Modena (Modena)	Via Giardini, 1355	Varese (Varese)	Via Luigi Borri, 57
Montecchio Precalcino (Vicenza)	Via Palugara, 22	Varna (Bolzano)	Via Forch, 11
Padua (Padova)	Via del Progresso, 9	Vimercate (Monza-Brianza)	Via SS Cosma e Damiano, 10

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 2023 are disclosed below along with share volume and price trends in euro:

Share and stock exchange data	31 December 2023
No. of shares making up the share capital	31,809,451
Price at IPO: 4 April 2007	€8.50
Price as at 29 December 2023	€1.68
Maximum price during the period	€1.68
Minimum price during the period	€1.18
Average price during the period	€1.35
Volumes traded during the period	7,255,786
Average volumes during the period	31,415

Share volumes and prices as at 31 December 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).

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 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 allow 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 2023

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 Article 5, paragraph 3(b) of Italian Legislative Decree 254/16, and is available at the website www.servizitaliagroup.com, under the section “Sustainability”.

Risk management information

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

- risk governance and 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 organisation

The risk model adopted by the Group is aimed at ensuring the continuity of the organisation 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 Internal Control and Risk Management System", 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 organisational 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 about 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 purchasing and management control functions and the Head of strategic planning have an ongoing dialogue to enable them 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 2023 and stated in detail in the related notes.

In addition, the Group has drafted a specific "Regulations for related party transactions" containing 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. In this context, the Group has started a progressive path for the consideration of the impacts and risks linked to climate change, integrating 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 risks related to climate change, the following were considered:

- Physical risks related to climate change, which may be linked to individual events or to foreseeable long-term changes in climate models;
- Risks of transition to a low-carbon energy model, which may involve risks related to rules/regulations, political, legal, technological and market changes associated with the fight against climate change, with effects in short, medium and long terms.

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.
Based on the management methods and mitigation measures of the above risks and the information available to date, the Group does not envisage a high risk profile in relation to climate change. Also considering the prevention and mitigation actions implemented to date, it is believed that these risks

will not have significant impacts on the business and, similarly, the technological change that could result from a transition to a low-carbon cost-effective model is not expected to have significant effects on the reference market.
The 2023 Consolidated Non-financial Disclosure, to which reference is made for further details on this issue, also indicate the management methods and mitigation measures for ESG risks (including environmental compliance risks, physical risks linked to climate change and transition risks linked to climate change).

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 digitisation 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, unauthorised 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 Article 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 the sake of completeness, it is noted that the contracting authority has never revoked the contract.

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 Article 395 of the Italian Code of Civil Procedure and to Article 106 of the Italian 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.

Since 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 Article 9-ter of Italian 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 Italian Decree of 6 July 2022, which established that expenditure ceilings had been exceeded, with macroscopic delays, compared to the said deadlines and ii) the concomitant unconstitutionality of the acts and rules that allowed the retroactive application of the Payback measure; this is Article 9-ter of Italian Decree Law 78/2015 as amended by Article 1, paragraph 557 of Italian Law no. 145 of 30 December 2018, in conjunction with Article 18 of Italian Decree Law no. 115 of 9 August 2022 ("Aiuti-*bis* Decree" - Aid-bis 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 2023 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.	12	28	190	1,653	1,883
San Martino 2000 S.c.r.l.	-	-	-	-	-
Steritek S.p.A.	-	-	30	-	30
SRI Empreendimentos e Participações Ltd	-	-	-	-	-
Lavsim Higienização Têxtil S.A	1	4	56	469	530
Maxlav Lavanderia Especializada S.A.	-	-	71	391	461
Vida Lavanderias Especializada S.A.	-	-	-	6	6
Aqualav Serviços De Higienização Ltda	-	-	19	252	271
Ankateks Turizm İnşaat Tekstil Temizleme Sanayi ve Ticaret Ltd Şirketi	2	-	4	158	164
Ergülteks Temizlik Tekstil Ltd. Sti.	1	-	2	82	85
Ankateks Tur. Teks. Tem.Sanve TIC. A.s. – Olimpos Laundry Teks.Tem. Hizm. Ve Tur. San. Tic. LTD.Sti IS Ortakligi	-	-	-	5	5
Wash Service S.r.l.	-	-	7	38	45
Ekolav S.r.l.	-	-	8	58	66
TOTAL	**16**	**32**	**387**	**3,112**	**3,546**

1 Industrial Relations

In the last part of 2022 and in the first months of 2023, as part of the negotiating delegation, the Parent Company was directly involved in meetings with the trade unions for the renewal of the national collective labour agreement for the “Employees of companies in the integrated industrial system of textile and medical goods and services” sector, a negotiation that resulted in the signing of the contract renewal on 28 March 2023. In the first part of 2023, several meetings also took place between the Parent Company and the trade unions, during which the Parties discussed the renewal of the economic part of the Supplementary Company Agreement, which, last year, had been renewed for a three-year period (2022-2024) with regard to the regulatory part, while, with regard to the Performance Bonus, in light of the conflict in Ukraine and the relevant significant effects in terms of energy price increases, the Parties had agreed to renew it for one year only. After extensive discussion, in light of the continuing situation of economic and especially financial uncertainty, with a significant increase in interest rates and the effects of the “Medical Device Payback”, the Parties agreed to renew the Performance Bonus for one year, following the contents agreed last year, a renewal signed on 5 May 2023. Once the renewed sector National Collective Labour Agreement was signed, industrial relations activities focused on specific sites characteristics, which, depending on the topic, needed to be discussed with the local or company trade unions with a focus on safety at work, flexibility and holidays. In addition, from the point of view of industrial relations, the assessment point for the year 2023, in terms of overall business performance and trade union issues, was held on 6 December, with the National Coordination meeting. Following the signing agreement between Servizi Italia and Steris, about which information is given in the Significant Events and Transactions, an issue that involved the Human Resources Department was the need for both companies to discuss with the Trade Unions, also pursuant to Article 47 of Italian Law 428/90, and this exchange led to the joint examination report signed on 31 October 2023.

2 Training and development

In 2023, the implementation of the activities envisaged by the Annual Training Programme for the current year began. In addition to guaranteeing the constant updating of all staff, the main training objectives focus on supporting the professional development of junior employees and strengthening the skills of those with roles of responsibility, aware that these processes represent strategic leverage for the growth of the company.

The main training areas were:

- Occupational health and safety, also in addition to the mandatory training envisaged by Italian Legislative Decree 81/08, in order to promote a safety culture;
- Technical/specialist training to update specific skills;
- Legal/admin training (HR area).

On sustainability issues, a course was held during this half-year open to various business areas and aimed at encouraging initial understanding of the circular economy topic (management of end-of-life products, reuse and recycling, energy saving, sustainable mobility and industrial symbiosis projects). In addition, with the support of specialised trainers, the company involved a diverse panel of employees to outline a process aimed at identifying the values representing the Group's identity. Specific team building and team coaching courses continued, and, with the same synergistic approach, a new leadership model and a list of skills were also defined that will be the basis of a performance management system to be activated in 2024. Another development front was created to solve the scarcity of specialised workforce in the maintenance area, where a technical growth path was created for employees of the operations area, a program created through the establishment of an internal Academy using both internal and external trainers. With regard to the sterilisation segment, in meetings with the local trade unions, the company shared some future development projects, including a specific training programme to align the operational management skills of shift managers and the creation of an orientation video to facilitate and filter the recruitment needs of sterilisation centres. Finally, with the aim of further consolidating the relationship with the territory, institutions and the people the Parent Company operates with, a dedicated communication channel was launched with the schools in the Ligurian territory, developing with them knowledge and guidance projects including "Adopt an Institute in Genoa".

Other information

Pursuant to Article 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 Articles 70, paragraph 8 and Article 71, paragraph 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 Article 2.2.3, paragraph 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 3,415,507, the Board of Directors asks you to approve the separate financial statements for the year ended 31 December 2023 and to allocate the profit for the year according to the proposal made in the notes to the separate financial statements, as follows:

- a maximum amount of Euro 954,283.53 to distribution to the shareholders, corresponding to ordinary dividends per share, gross of legal withholdings, equal to 3 Euro cents for the shares in circulation, excluding treasury shares in the portfolio;
- Euro 469,845 to the valuation reserve for equity investments by using the equity method;
- to carry forward the residual profit for the year.

It also proposes to allocate Euro 372,078 from the valuation reserve for equity investments by using the equity method to profit carried forward as the restrictions on distribution as dividends no longer apply.
The dividend will be paid as from 2 May 2024, coupon detachment date on 29 April 2024, record date on 30 April 2024, and will be paid to the shares that are in circulation as of that date.

The Chairman of the Board of Directors
(Roberto Olivi)

Separate financial statements

as at 31 December 2023

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STATEMENT OF FINANCIAL POSITION

(Euros)	Note	31 December 2023	*of which with related parties (Note 8)*	31 December 2022	*of which with related parties (Note 8)*
ASSETS					
Non-current assets					
Property, plant and equipment	**6.1**	124,372,298	*19,343,012*	124,530,125	*19,511,473*
Intangible assets	**6.2**	2,407,412	-	2,914,706	-
Goodwill	**6.3**	44,575,159	-	44,575,159	-
Equity-accounted investments	**6.4**	52,143,352	-	52,950,072	-
Equity investments in associates, jointly-controlled companies and other companies	**6.5**	26,035,898	-	28,617,101	-
Financial receivables	**6.6**	6,955,641	*6,018,357*	8,508,692	*7,564,881*
Deferred tax assets	**6.7**	9,909,169	-	9,501,368	-
Other assets	**6.8**	507,173	-	1,218,893	-
Total non-current assets		**266,906,102**		**272,816,116**	
Current assets					
Inventories	**6.9**	6,340,930	-	6,254,326	-
Trade receivables	**6.10**	62,697,101	*10,437,245*	56,951,485	*12,368,587*
Current tax receivables	**6.11**	1,652,536	-	1,912,290	-
Financial receivables	**6.12**	11,564,881	*9,252,656*	7,325,359	*6,132,087*
Other assets	**6.13**	7,969,608	-	8,575,082	-
Cash and cash equivalents	**6.14**	1,537,251	-	15,430,481	-
Total current assets		**91,762,307**		**96,449,023**	
TOTAL ASSETS		**358,668,409**		**369,265,139**	
SHAREHOLDERS' EQUITY AND LIABILITIES					
Shareholders' equity					
Share capital	**6.15**	29,301,699	-	29,432,100	-
Other reserves and retained earnings	**6.15**	97,695,377	-	95,270,570	-
Profit (loss) for the year		3,415,507	-	1,738,695	-
TOTAL SHAREHOLDERS' EQUITY	**6.15**	**130,412,583**		**126,441,365**	
LIABILITIES					
Non-current liabilities					
Due to banks and other lenders	**6.16**	61,774,931	*19,484,140*	58,065,592	*19,653,609*
Deferred tax liabilities	**6.17**	1,785,468	-	1,752,893	-
Employee benefits	**6.18**	5,738,499	-	6,463,201	-
Provisions for risks and charges	**6.19**	1,063,614	-	1,233,958	-
Other financial liabilities	**6.20**	-	-	-	-
Total non-current liabilities		**70,362,512**		**67,515,644**	
Current liabilities					
Due to banks and other lenders	**6.16**	57,466,333	*2,061,767*	75,917,525	*1,773,223*
Trade payables	**6.21**	79,901,929	*10,437,245*	80,528,198	*10,365,815*
Current tax payables	**6.22**	507,286	-	-	-
Employee benefits	**6.18**	-	-	-	-
Other financial liabilities	**6.23**	-	-	-	-
Provisions for risks and charges	**6.19**	1,782,715	-	2,097,296	-
Other payables	**6.24**	18,235,051	-	16,765,111	-
Total current liabilities		**157,893,314**		**175,308,130**	
TOTAL LIABILITIES		**228,255,826**		**242,823,774**	
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		**358,668,409**		**369,265,139**	

INCOME STATEMENT

(Euros)	Note	31 December 2023	*of which with related parties (Note 8)*	31 December 2022	*of which with related parties (Note 8)*
Sales revenues	**7.1**	233,880,073	*18,518,976*	219,950,757	*16,830,394*
Other income	**7.2**	7,972,740	*1,821,329*	9,912,120	*1,959,461*
Raw materials and consumables	**7.3**	(21,570,142)	*(178,013)*	(23,101,384)	*(171,199)*
Costs for services	**7.4**	(85,316,328)	*(23,225,218)*	(84,629,390)	*(25,330,532)*
Personnel expense	**7.5**	(74,874,927)	-	(71,677,299)	*(856,603)*
Other costs	**7.6**	(1,312,490)	*(77,301)*	(1,409,549)	*(66,474)*
Depreciation/amortisation, impairment and provisions	**7.7**	(44,656,731)	-	(45,644,389)	-
Operating profit		**14,122,195**		**3,400,866**	
Financial income	**7.8**	1,277,353	*840,839*	918,388	*661,039*
Financial expenses	**7.9**	(9,718,654)	*(1,134,594)*	(3,495,336)	*(1,306,380)*
Income/(expense) from equity investments	**7.10**	418,936	-	456,200	*90,592*
Revaluation/impairment of equity-accounted investments	**6.4**	(1,659,648)	-	(799,894)	-
Profit before tax		**4,440,182**		**480,224**	
Current and deferred taxes	**7.11**	(1,024,675)		1,258,471	
Profit (loss) for the year		**3,415,507**		**1,738,695**	

STATEMENT OF COMPREHENSIVE INCOME

(Euros)	Note	31 December 2023	31 December 2022
Profit (loss) for the year		**3,415,507**	**1,738,695**
Other comprehensive income that will not be reclassified to the Income Statement			
Actuarial gains (losses) on defined benefit plans	**6.18**	820	500,066
Portion of comprehensive income of the investments measured using the equity method			
Income taxes on other comprehensive income	**6.7 6.17**	-	(120,016)
Other comprehensive income that may be reclassified to the Income Statement			
Portion of comprehensive income of the investments measured using the equity method	**6.4**	(712,994)	2,280,036
Income taxes on other comprehensive income			
Total other comprehensive income after taxes		**(712,174)**	**2,660,086**
Total comprehensive income for the period		**2,703,333**	**4,398,781**

STATEMENT OF CASH FLOWS

(Euros)	Note	31 December 2023	*of which with related parties (Note 8)*	31 December 2022	*of which with related parties (Note 8)*
Cash flow generated (absorbed) by operations					
Profit (loss) before tax		4,440,183	-	480,224	-
Payment of current taxes		-	-	(333,177)	-
Amortisation	7.7	44,028,631	-	45,818,961	-
Impairment and provisions	7.7	628,101	-	(174,573)	-
Gains/losses on equity investments	6.4 7.10	1,240,713	-	343,693	-
Gains/losses on disposal	7.2 7.6	(311,322)	-	(878,267)	-
Interest income and expense accrued	7.8 7.9	8,441,300	-	2,576,949	-
Interest income collected	7.8	408,983	-	215,090	-
Interest expense paid	7.9	(5,520,006)	-	(1,648,232)	-
Interest paid on liabilities for leases	7.9	(1,355,671)	*(1,124,317)*	(1,398,670)	*(1,177,435)*
Provisions for employee benefits	6.18	371,122	-	1,394,456	-
(Increase)/decrease in inventories	6.9	(86,604)	-	261,090	-
(Increase)/decrease in trade receivables	6.10	(9,501,485)	*807,650*	(4,145,966)	*(1,007,495)*
Increase/(decrease) in trade payables	6.21	2,682,375	*71,431*	10,785,592	*356,494*
Increase/(decrease) in other assets and liabilities		2,435,843	-	(154,141)	-
Settlement of employee benefits	6.18	(1,305,900)	-	(2,106,614)	-
Cash flow generated (absorbed) by operations		**46,596,263**		**51,036,415**	
Net cash flow generated (absorbed) by investment activities in:					
Intangible assets	6.2	(385,136)	-	(481,690)	-
Property, plant and equipment	6.1	(40,101,455)	-	(39,698,814)	-
Dividends received	7.10	642,586	-	346,300	-
(Acquisitions)/Disposals		-	-	-	-
Sale of equity investments	6.4 6.5	211,619	-	620,079	-
Purchase of equity investments	6.4 6.5	(346,000)	-	(4,314,907)	-
Net cash flow generated (absorbed) by investment activities		**(39,978,386)**		**(43,529,032)**	
Cash flow generated (absorbed) by financing activities in:					
Financial receivables	6.6 6.12	(2,247,502)	*(2,674,045)*	(4,694,215)	*(4,474,174)*
Net (purchase)/sales of treasury shares	6.15	(169,545)	-	(612,709)	-
Dividends paid	6.15	-	-	-	-
Share capital increase	6.15	-	-	-	-
Current due to banks and other lenders	6.16	(15,718,913)	-	11,797,266	-
Non-current due to banks and other lenders	6.16	743,050	-	3,555,598	-
Reimbursement of liabilities for leases		(3,118,197)	*(1,961,948)*	(2,888,600)	*(1,693,270)*
Cash flow generated (absorbed) by financing activities		**(20,511,107)**		**7,157,340**	
(Increase)/decrease in cash and cash equivalents		**(13,893,230)**		**14,664,723**	
Opening cash and cash equivalents	6.14	**15,430,481**		**765,758**	
Incorporated cash		**-**		**-**	
Closing cash and cash equivalents	6.14	**1,537,251**		**15,430,481**	

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

(thousands of Euros)	Share capital	Share premium reserve	Legal reserve	Retained earnings	Translation reserve	Profit (loss) for the year	Total Shareholders' Equity
Balance as at 1 January 2022	**29,809,043**	**49,674,785**	**6,617,527**	**66,275,702**	**(35,500,901)**	**4,812,088**	**121,688,244**
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
Balance as at 31 December 2022	**29,432,100**	**49,439,019**	**6,617,527**	**72,434,889**	**(33,220,865)**	**1,738,695**	**126,441,365**
Balance as at 1 January 2023	**29,432,100**	**49,439,019**	**6,617,527**	**72,434,889**	**(33,220,865)**	**1,738,695**	**126,441,365**
Allocation of profit (loss) from the previous financial year	-	-	-	1,738,695	-	(1,738,695)	-
Treasury share transactions	(130,401)	(39,144)	-	-	-	-	(169,545)
High inflation effect in Turkey	-	-	-	1,437,430	-	-	1,437,430
Profit (loss) for the year	-	-	-	-	-	3,415,507	3,415,507
Other components of comprehensive income	-	-	-	820	(712,994)	-	(712,174)
Balance as at 31 December 2023	**29,301,699**	**49,399,875**	**6,617,527**	**75,611,834**	**(33,933,859)**	**3,415,507**	**130,412,583**

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 draw 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 2024 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 2023

The following IFRS accounting standards, amendments and interpretations were applied for the first time by the Company on 1 January 2023:

- 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 at the date of first application, such as leases and dismantling obligations, must be accounted for. These changes were applied as from 1 January 2023.

- 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 regarding IAS 1 require entities to disclose relevant information on the accounting standards applied by the Group. The amendments are aimed at improving disclosure on the accounting standards applied by the Group 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. These changes were applied as from 1 January 2023.

- On 23 May 2023, the IASB published an amendment called ***"Amendments to IAS 12 Income taxes: International Tax Reform – Pillar Two Model Rules"***. The document introduced a temporary exception to the obligations of recognition and disclosure of deferred tax assets and liabilities relating to the *Model Rules* of Pillar Two (which were in force in Italy as at 31 December 2023, but with application from 1 January 2024) and provides for specific disclosure obligations for the entities concerned by the related *International Tax Reform*. The document provides for the immediate application of the temporary exception, while the disclosure requirements only apply to annual financial statements starting on 1 January 2023 (or later) but not to interim financial statements with a closing date prior to 31 December 2023.

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 2023

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 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 these amendments is to clarify how to classify payables and other short or long-term liabilities. In addition, the amendments also improve the information that entities must provide when their right to defer the settlement of a liability for at least 12 months is subject to compliance with specific parameters (i.e. covenants). 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 these amendments.

- 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 recognise 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.

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

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

- On 25 May 2023, the IASB published an amendment called ***"Amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures: Supplier Finance Arrangements"***. The document requires an entity to provide additional information on reverse factoring agreements that allow users of financial statements to assess how financial agreements with suppliers may affect the entity's liabilities and cash flows and to understand the effect of such agreements on the entity's exposure to liquidity risk. 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.

- On 15 August 2023, the IASB published an amendment called ***"Amendments to IAS 21 The Effects of Changes in Foreign Exchange Rates: Lack of Exchangeability"***. This document requires entities to apply a methodology to be applied consistently in order to verify whether one currency can be converted into another and, when this is not possible, how to determine the exchange rate to be used and the information to be provided in the explanatory notes. The amendment will apply as from 1 January 2025, 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 a subsidiary of the Coopservice S.c.p.a. group, with registered offices in Reggio Emilia, which holds a controlling shareholding via the company Aurum S.p.A.; therefore, said entity indirectly controls the Servizi Italia Group.

Servizi Italia S.p.A. is not subject to management and coordination by either the direct parent company Aurum S.p.A. or the indirect parent company Coopservice S.c.p.a. In fact, Servizi Italia S.p.A. operates independently from a corporate and business point of view and in relation to its customers and suppliers and independently defines its business plans and/or budgets. Furthermore, Servizi Italia S.p.A., in compliance with the provisions of Italian Law No. 262 dated 28 December 2005, has adopted all the necessary measures which permit it not to be subject to management and co-ordination activities.

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.

A. Property, plant and equipment

Property, plant and equipment include land and buildings, machinery and plants, 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 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 revenues that pertain thereto.

a) <u>Equity investments in subsidiaries</u>

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 conversion differences 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 in 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 spot exchange rate as at 31 December 2023:

Currency	Exchange rate as at 31 December 2023	Average exchange rate for 2023	Exchange rate as at 31 December 2022	Average exchange rate for 2022
Brazilian Real (BRL)	5.3618	5.4010	5.6386	5.4399
Turkish Lira (TRY)	32.6531	25.7597	19.9649	17.4088

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 2023, equity investments in other companies are recognised at the cost of purchase or set-up, reduced for any impairment loss 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. 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.

I. 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 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 the one 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.

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.

J. 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.

K. 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.

L. 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.

M. 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.

N. 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.
<u>Particularly significant accounting standards</u>

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*: 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 mainly short-term payables which, as at 31 December 2023, represent approximately 48.2% of its debt, at an average annual rate of around 4.06%. 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 2023	31 December 2022	31 December 2023	31 December 2022
Financial receivables	+69	+61	(69)	(61)
Financial payables	+566	+561	(566)	(561)
Factoring of receivables	+436	+484	(436)	(484)

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 97.

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 all 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 2023 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 2023 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	1.98%	0.63%	1.24%	0.21%	8.58%	72.46%	8.20%
Gross trade receivables	45,493	2,167	2,765	3,922	8,555	5,393	68,295
Loss expected as at 31 December 2023	**900**	**14**	**34**	**8**	**734**	**3,908**	**5,597**

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 2023.
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. Some loan agreements 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 2023, 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 2023	31 December 2022	31 December 2023	31 December 2022	31 December 2023	31 December 2022
Less than or equal to 3 months	39,323	54,371	63,180	67,881	102,503	122,252
3 to 12 months	20,704	22,981	33,486	28,724	54,191	51,705
1 to 2 years	20,330	20,040	-	-	20,330	20,040
More than 2 years	44,605	40,154	-	-	44,605	40,154
Total	**124,963**	**137,546**	**96,666**	**96,605**	**221,629**	**234,152**

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 measured 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 measured 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
Non-current assets			
Equity investments in associates, jointly-controlled companies and other companies	26,036		

Financial receivables	6,956
Other assets	507
Current assets	
Trade receivables	62,697
Financial receivables	11,565
Other assets	7,970
Non-current liabilities	
Due to banks and other lenders	61,775
Other financial liabilities	-
Current liabilities	
Due to banks and other lenders	57,466
Trade payables	79,902
Other financial liabilities	-
Other payables	18,235

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)	31/12/2023	31/12/2022	Change	% change
Shareholders' equity (B)	130,413	126,441	3,972	3.1%
Net financial debt[(a)] (A)	106,139	111,227	(5,088)	-4.6%
Net invested capital (C)	**236,552**	**237,668**	**(1,116)**	**-0.5%**
Gearing (A/C)	**44.9%**	**46.8%**		

[(a)] *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	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)
Balance as at 1 January 2022	**25,489**	**29,025**	**6,959**	**11,027**	**53,857**	**3,109**	**129,466**
Increases	1,836	3,978	430	3,041	30,487	2,331	42,103
Decreases	-	(598)	(16)	(817)	(593)	(84)	(2,108)
Depreciation	(2,945)	(6,282)	(1,318)	(3,880)	(30,506)	-	(44,931)
Impairments (reinstatements)	-	-	-	-	-	-	-
Reclassifications	-	1,369	42	28	20	(1,459)	-
Balance as at 31 December 2022	**24,380**	**27,492**	**6,097**	**9,399**	**53,265**	**3,897**	**124,530**
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)
Balance as at 31 December 2022	**24,380**	**27,492**	**6,097**	**9,399**	**53,265**	**3,897**	**124,530**
Increases	2,405	4,489	405	4,277	26,258	5,446	43,280
Decreases	-	(28)	-	(10)	(65)	(193)	(296)
Depreciation	(3,094)	(5,383)	(1,065)	(3,746)	(29,848)	-	(43,136)
Impairments (reinstatements)	-	-	-	-	(6)	-	(6)
Reclassifications	101	1,433	38	61	3	(1,636)	-
Balance as at 31 December 2023	**23,792**	**28,003**	**5,475**	**9,981**	**49,607**	**7,514**	**124,372**
Historical cost	38,819	135,718	31,678	68,350	144,547	7,514	426,626
Accumulated depreciation	(15,027)	(107,715)	(26,203)	(58,369)	(94,940)	-	(302,254)
Balance as at 31 December 2023	**23,792**	**28,003**	**5,475**	**9,981**	**49,607**	**7,514**	**124,372**

Notes on the main changes:

Land and buildings

The increases in the item "Land and Buildings" of Euro 2,405 thousand mainly refer 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 2023, equal to Euro 4,489 thousand, mainly concern the plant in Pavia di Udine (Euro 757 thousand) and the purchase of reading portals for wash-hire contracts (Euro 1,491 thousand). The item also included reclassifications of Euro 1,433 thousand, relating to the commissioning of reading portals for wash-hire contracts (Euro 787 thousand) and the purchase of new plant and machinery.

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. According to 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 2023, the increases in investments in returnable assets, for Euro 405 thousand, mainly concern the redevelopment of properties where the leased production sites and customers' linen storage facilities are located.

Industrial and commercial equipment
The changes during the financial year ended 31 December 2023 show an increase of Euro 4,277 thousand primarily attributable for Euro 2,302 thousand to the purchase of surgical instruments, for Euro 955 thousand to the purchase of industrial equipment and for Euro 510 thousand to the purchase of anti-X-ray PPE.

Other assets
The item is broken down as follows:

(thousands of Euros)	as at 31 December 2023	as at 31 December 2022
Linens and mattresses	47,030	50,992
Furniture and fixtures	106	147
Electronic machinery	973	1,152
Cars	41	19
Motor vehicles	238	202
Telephone switchboards	8	14
Rights to use motor vehicles	1,211	739
Total Other assets	**49,607**	**53,265**

The purchases carried out during the financial year were related to linen for a total of Euro 24,845 thousand. The latter are necessary for an increasingly efficient management of the warehouse, both for the new contracts acquired during 2023 and for the renewal of existing contracts.
The Company sold linen, generating a capital gain of Euro 270 thousand. Furthermore, the value of the linen and mattresses completely amortised, for a total of Euro 25,390 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 2023:

(thousands of Euros)	as at 31 December 2023	as at 31 December 2022
Sterilisation centre investments	4,258	1,182
Laundering facility investments	1,390	1,598
Investments on contracts	1,866	1,117
Total	**7,514**	**3,897**

In the year 2023 the investments recorded among the fixed assets in progress for sterilisation centres showed an increase of Euro 3,076 thousand, Euro 751 thousand for contracts and those for laundries registered a decrease of Euro 208 thousand.

The increase in fixed assets in progress referring to the sterilisation centres is mainly due to the investments made for the preparation of new sterilisation centres that will come into operation the 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	Fixed assets in progress and payments on account	Total
Historical cost	6,585	7,028	338	14,498
Accumulated amortisation	(5,505)	(5,106)	-	(11,158)
Balance as at 1 January 2022	**1,080**	**1,922**	**338**	**3,340**
Increases	399	-	83	482
Decreases	-	-	-	-
Amortisation	(616)	(291)	-	(907)
Impairments (reinstatements)	-	-	-	-
Reclassifications	171	-	(171)	-
Balance as at 31 December 2022	**1,034**	**1,631**	**250**	**2,915**
Historical cost	7,155	7,028	250	14,433
Accumulated amortisation	(6,121)	(5,397)	-	(11,518)
Balance as at 31 December 2022	**1,034**	**1,631**	**250**	**2,915**
Increases	290	-	129	419
Decreases	(26)	-	(8)	(34)
Amortisation	(611)	(282)	-	(893)
Impairments (reinstatements)	-	-	-	-
Reclassifications	87	-	(87)	-
Balance as at 31 December 2023	**774**	**1,349**	**284**	**2,407**
Historical cost	7,439	7,028	284	14,751
Accumulated depreciation	(6,665)	(5,679)	-	(12,344)
Balance as at 31 December 2023	**774**	**1,349**	**284**	**2,407**

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 2022	Increases	Decreases	Impairment	as at 31 December 2023
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 2024-2028 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 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 2023). The discount rate used, equal to 8.95% (7.86% 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 performed 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 1.32 percentage points or (ii) a 9.46% increase in the WACC or (iii) a 7.11% 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 2023 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 2023	Revaluations/(Write-downs)	Increases	Decreases	Change in translation reserve	31 December 2023
S. Martino 2000 S.c.r.l.	6	-	-	-	-	6
Steritek S.p.A.	4,903	464		(224)	-	5,143
SRI Empreendimentos e Participações Ltda	35,577	(1,301)	-	-	1,827	36,103
Ankateks Turizm Insaat Tekstil Temizleme Sanayi Ve	6,537	(351)	1,437	-	(2,540)	5,083
Wash Service S.r.l.	4,523	6	-	-	-	4,529
Ekolav S.r.l.	1,404	(125)	-	-	-	1,279
Total	**52,950**	**(1,307)**	**1,437**	**(224)**	**(713)**	**52,143**

The increases of Euro 1,437 thousand relate to the change due to the high Turkish inflation of the IAS 29 reserves of the Ankara Group, while the decreases of Euro 224 thousand relate to dividends distributed by the company Steritek S.p.A.
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 7,672 thousand;

- Ankateks Turizm İnşaat Tekstil Temizleme Sanayi ve Ticaret Ltd Şirketi: Euro 2,098 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 2024-2028 period.
The terminal value is determined by applying a perpetual growth factor of 2.00% for the Steritek, Wash Service and Ekolav CGUs, 3.01% (IMF, October 2023) for the Brazil CGU and 10.70% (EIU, October 2023) 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 8.95%, 12.49% for the Brazil CGU and 24.70% 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 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, revenues, costs and results as at 31 December 2023 is provided below:

Company name	Registered office	Currency	Share capital	% equity investment 2023	% equity investment 2022
San Martino 2000 S.c.r.l.	Genoa	EUR	10	60.0%	60.0%
Steritek S.p.A.	Cremona	EUR	134	95.0%	95.0%
SRI Empreendimentos e Participações LTDA	São Paulo (Brazil)	BRL	217,758	100.0%	100.0%
Lavsim 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 İnsaat 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%	51.0%
Wash Service S.r.l.	Castellina di Soragna (Parma, Italy)	EUR	10	90%	90%
Ekolav S.r.l.	Lastra a Signa (Florence, Italy)	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	1,089	2,672	-	3,751	5,656	(5,656)	-
Steritek S.p.A.	EUR	3,181	674	4,037	620	910	3,964	(3,476)	488
SRI Empreendimentos e Participações LTDA	BRL	228,870	201,590	32,829	-	5,549	3,470	(2,654)	816
Lavsim Higienização Têxtil S.A.	BRL	38,774	74,474	27,545	24,186	39,059	76,405	(82,108)	(5,703)
Maxlav Lavanderia Especializada S.A.	BRL	8,559	30,122	20,231	18,203	23,591	63,867	(62,423)	1,444
Vida Lavanderias Especializada S.A.	BRL	3,660	1,451	4,220	1,063	948	6,384	(6,700)	(316)
Aqualav Serviços De Higienização Ltda	BRL	7,733	37,807	21,672	34,663	17,083	42,336	(45,352)	(3,016)
Ankateks Turizm insaat Tekstil Temizleme Sanayi Ve	TRY	62,817	73,021	132,286	37,194	105,296	159,172	(148,354)	10,818
Ergülteks Temizlik Tekstil Ltd. Sti.	TRY	3,384	13,542	26,242	4,140	32,260	69,473	(66,839)	2,634
Wash Service S.r.l.	EUR	1,290	2,638	4,916	1,298	4,966	9,934	(9,928)	6
Ekolav S.r.l.	EUR	343	4,925	2,458	2,232	4,808	5,902	(6,028)	(126)
Ankateks Tur. Teks. Tem.Sanve TIC. A.s. – Olimpos Laundry Teks.Tem. Hizm. Ve Tur. San. Tic. LTD.Sti IS Ortakligi	TRY	2,577	-	8,187	-	5,610	19,618	(17,972)	1,646

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 2023	as at 31 December 2022
Equity investments in associates, jointly-controlled companies	23,101	25,507
Equity investments in other companies	2,935	3,110
Total	**26,036**	**28,617**

Following the outcome of the impairment test in relation to the carrying amount of the equity investment in the joint-controlled company Shubhram Hospital Solutions Private Limited, a negative difference was noted. Therefore, the book value was adjusted by Euro 352 thousand, zeroing the equity investment's carrying amount, in order to reflect the lesser of carrying amount initially recognised and the recoverable value (value in use). 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 2024-2028 period. The terminal value was calculated by applying to the operating cash flow, related to the last year of the plan adequately normalised, a perpetual growth factor of 4.00% (IMF, October 2023), a rate substantially representative of the inflation rate expected in India used to index-link the prices of the services offered. The discount rate used to discount back the cash flows is 13.12% and includes, on a prudent basis, an execution risk of 1.0%, to take into consideration the shifts recorded in the past between final results and budget figures, growth expectations in the 2024-2028 business plan and of the reference market. 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 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 2023	Increases	Impairments/ Decreases	31 December 2023
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	-	(1,500)	500
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	306	-	2,133
Shubhram Hospital Solutions Private Limited	352	-	(352)	-
Sanitary Cleaning Sh.p.k.	1,300	-	(1,300)	-
Tecnoconsulting S.r.l.	-	440	-	440
Total	**25,507**	**746**	**(3,152)**	**23,101**

The item Increases includes the acquisition of the stakes in the company Tecnoconsulting S.r.l. for Euro 440 thousand, for which reference is made to the report in the paragraph *"Significant events and transactions"*, and the share capital increase for Euro 306 thousand in favour of SAS Sterilizasyon Servisleri A.Ş.

The item Impairment/Decreases includes the change of Euro 1,300 thousand related to the disposal of the equity investment in the company Sanitary Cleaning Sh.p.k.a. in the third quarter of 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. Furthermore, the decrease of Euro 1,500 thousand concerns the classification as a current financial receivable representing the portion of the share capital of the company Steril Piemonte S.r.l. to be returned to the shareholders in accordance with Article 2482 of the Italian Civil Code.

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, revenues, costs and results as at 31 December 2023 is provided below:

Company name	Registered office	Currency	Share capital	% equity investment 2023	% equity investment 2022
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	1,000	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%(*)	30%(*)
SAS Sterilizasyon Servisleri A.S.	Istanbul - Turkey	TRY	36,553	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%

Tecnoconsulting S.r.l.	Scandicci – Italy	EUR	10	33%	-
Saniservice Sh.p.k.	Tirana – Albania	LEK	2,746	30%	30%
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	40,995	57,370	39,917	-	56,292	137,133	(138,078)	(945)
Saniservice Sh.p.k.	LEK	382,192	1,008,063	455,690	-	1,081,561	1,593,694	(1,446,246)	147,448
Shubhram Hospital Solutions Private Limited	INR	(825,597)	711,801	157,975	436,008	1,259,365	363,576	(602,609)	(239,033)
Finanza & Progetti S.p.A.	EUR	39,946	163,669	36,109	1,527	158,305	67,217	(60,538)	6,679
Arezzo Servizi S.c.r.l.	EUR	10	465	1,379	186	1,648	2,282	(2,282)	-
PSIS S.r.l.	EUR	9,783	9,011	5,041	1,780	2,489	8,630	(7,692)	938
Steril Piemonte S.c.r.l.	EUR	3,274	1,025	2,297	-	48	750	(649)	101
AMG S.r.l.	EUR	3,140	1,861	2,983	710	994	5,308	(4,820)	488
Iniziative Produttive Piemontesi S.r.l.	EUR	2,297	578	7,092	489	4,884	6,452	(6,169)	283
Brixia S.r.l.	EUR	89	-	5,745	-	5,656	22,326	(22,311)	15
Servizi Sanitari Integrati Marocco S.a.r.l.	MAD	3,960	500	3,535	-	75	3	(29)	(26)
Piemonte Servizi Sanitari s.c.r.l.	EUR	10	402	3,742	158	3,976	1,658	(1,658)	-
Tecnoconsulting S.r.l.	EUR	95	69	416	56	334	764	(750)	14

Equity investments in other companies underwent the following changes:

(thousands of Euros)	1 January 2023	Increases	Impairments/ Decreases	31 December 2023
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.	9	-	-	9
CNS – Consorzio Nazionale Servizi Soc. Coop. a r.l	63	-	-	63
Skopster Doo Skopje	176	-	(175)	1
Other	71	-	-	71
Total	**3,110**	**-**	**(175)**	**2,935**

The decreases recorded refer to the reclassification under short-term financial receivables of the fair value of the shares of the company Skopster Doo Skopje sold 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 2023:

(thousands of Euros)	Registered office	Assets	Liabilities	Revenues	Profit/ (Loss)	Interest of equity investment
Asolo Hospital Service S.p.A.	Asolo (Treviso)	90,898	76,914	40,117	4,119	1.00%
Prosa S.p.A.	Carpi (Modena)	7,382	1,752	1,621	753	13.20%
Progeni S.p.A.	Milan	215,719	204,805	51,074	655	0.76%
Sesamo S.p.A.	Carpi (Modena)	33,317	26,150	19,702	1,333	12.17%
Prog.este. S.p.A.	Carpi (Modena)	209,609	199,212	53,576	600	10.14%

6.6 Non-current financial receivables

The item in question changed as follows in 2023:

(thousands of Euros)	as at 31 December 2023	as at 31 December 2022
PSS S.r.l.	158	158
Prog.Este S.p.A.	531	531
Summano Sanità S.p.A.	-	2
Arena Sanità S.p.A.	244	244
Synchron S.p.A.	169	169
Shubhram Hospital Solutions Private Limited	2,315	1,780
Finanza e Progetti S.p.A.	2,620	2,620
Ankateks Turizm Insaat Tekstil Temizleme Sanayi Ve	919	3,005
Total	**6,956**	**8,509**

Financial receivables refer to the interest-bearing loans granted to the companies Prog.Este. S.p.A. (rate equal to 7.46%), Arena Sanità S.p.A. (rate 3.7% plus 6-month Euribor), 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 decrease of Euro 1,553 thousand mainly relates to the short-term reclassification of the loan to Ankateks Turizm Insaat Tekstil Temizleme Sanayi Ve as well as the currency adjustments related to the same loan, which was disbursed in Turkish Lira.

6.7 Deferred tax assets

This item changed as follows:

(thousands of Euros)	Lease contracts	Property, plant and equipment	Employee benefits	Previous tax losses/"ACE" corporate income tax deduction	Other costs with deferred deductib ility	Total
Deferred taxes as at 1 January 2022	**302**	**564**	**154**	**5505**	**919**	**7,444**
Changes recognised in the income statement	46	(13)	(34)	1,815	363	2,177
Changes recognised in other comprehensive income	-	-	(120)	-	-	(120)
Deferred taxes as at 31 December 2022	**348**	**551**	**-**	**7320**	**1,282**	**9,501**
Changes recognised in the income statement	29	(88)	-	203	264	408
Changes recognised in other comprehensive income	-	-	-	-	-	-
Deferred taxes as at 31 December 2023	**377**	**463**	**-**	**7,523**	**1,546**	**9,909**

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 2023	as at 31 December 2022
Substitute tax Italian D.L. 185/2008 subsequent years	507	1,219
Total	**507**	**1,219**

The decrease in the item regards releases to the income statement for goodwill released pursuant to Article 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 in which the Company benefits from the tax deduction for the portion of goodwill recognised.

6.9 Inventories

Inventories at year-end primarily included disposables, washing products, chemical products, packaging, spare parts and consumables. As at 31 December 2023, the inventory write-down provision amounted to Euro 31 thousand in order to adjust the cost value recorded to the presumed realisable value.

6.10 Trade receivables

The item is broken down as follows:

(thousands of Euros)	as at 31 December 2023	as at 31 December 2022
Due from third parties	51,497	44,981
Due from subsidiaries	4,153	5,271
Due from associates and jointly-controlled companies	6,026	5,857
Due from parent company	244	112
Due from companies under the control of the parent companies	777	730
Total	**62,697**	**56,951**

Trade receivables are shown net of bad debt provisions, equal to Euro 5,597 thousand as at 31 December 2023 and Euro 5,351 thousand as at 31 December 2022.

Trade receivables due from third parties

The item is broken down as follows:

(thousands of Euros)	as at 31 December 2023	as at 31 December 2022
Due from customers	57,094	50,332
Bad debt provision	(5,597)	(5,351)
Total	**51,497**	**44,981**

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 21,546 thousand, in exchange for a consideration equal to Euro 21,263 thousand;

- trade receivables were assigned without recourse to Unicredit Factoring S.p.A. for a total of Euro 29,502 thousand, in exchange for a consideration equal to Euro 29,216 thousand;
- trade receivables were assigned without recourse to Ifitalia S.p.A. for a total of Euro 12,219 thousand, in exchange for a consideration equal to Euro 12,125 thousand;
- trade receivables were assigned without recourse to BPER Factor S.p.A. for a total of Euro 23,982 thousand, in exchange for a consideration equal to Euro 23,762 thousand.

Bad debt provisions in 2023 and in 2022 changed as follows:

(thousands of Euros)	
Balance as at 1 January 2022	**5,692**
Utilisations	(602)
Adjustments	(25)
Provisions	286
Balance as at 31 December 2022	**5,351**
Utilisations	(294)
Adjustments	7
Provisions	533
Balance as at 31 December 2023	**5,597**

Please note that uses refer primarily to default interest previously written down and collected during the 2023 financial year.

Trade receivables due from subsidiaries

The balance as at 31 December 2023 equal to Euro 4,153 thousand mainly included trade receivables from subsidiaries San Martino 2000 S.c.r.l. for Euro 2,709 thousand, SRI Empreendimentos e Participações LTDA for Euro 989 thousand, Ekolav S.r.l. for Euro 207 thousand, Lavsim Higienização Têxtil S.A. for Euro 132 thousand, Ankateks Turizm Insaat Tekstil Temizlene Sanayi Ve for Euro 52 thousand, Wash Services S.r.l. for Euro 43 thousand and Steritek S.p.A. for Euro 21 thousand.

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

The balance as at 31 December 2023 of trade receivables due from associates and jointly-controlled companies, equal to Euro 6,026 thousand, consists of trade receivables mainly from the companies Ospedal Grando S.p.A. for Euro 3,492 thousand and Saniservice Sh.p.k. for Euro 658 thousand.
Furthermore, there is a credit balance due from the parent company Coopservice Soc.Coop. p.A. for Euro 244 thousand and a balance of Euro 777 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 2023	as at 31 December 2022
Current tax receivables	1,653	1,912
Total	**1,653**	**1,912**

This item, as at 31 December 2023, mainly includes the IRES credit surplus.

6.12 Current financial receivables

The item in question changed as follows in 2023:

(thousands of Euros)	as at 31 December 2023	as at 31 December 2022
Asolo Hospital Service S.p.A.	-	264
P.S.I.S. S.r.l.	-	5
Ekolav S.r.l.	1,193	1,140
Arezzo Servizi S.c.r.l.	497	484
Iniziative Produttive Piemontesi S.r.l.	55	53
Gesteam S.r.l.	337	326
Skopster DOO Skopje	175	112
Saniservice Sh.p.k.	3,447	3,918
Ankateks Turizm Insaat Tekstil Temizleme Sanayi Ve	1,156	255
Finanza e Progetti S.p.A.	550	234
Shubhram Hospital Solutions Private Limited	628	107
Lavsim Higienização Têxtil S.A.	1,806	-
Steril Piemonte S.r.l.	1,100	-
Other	620	427
Total	**11,564**	**7,325**

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 2023	as at 31 December 2022
Due from others	6,375	6,972
Deferred income	1,376	1,419
Guarantee deposits receivable	219	184
Total	**7,970**	**8,575**

Guarantee deposits receivable essentially relate to utilities and rentals. The item Due from others mainly includes the receivables from INPS for Euro 123 thousand and VAT receivables for Euro 4,558 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 2023	as at 31 December 2022
Bank and postal deposits	1,486	15,408
Cheques	-	-
Cash in hand	51	22
Total	**1,537**	**15,430**

It should be noted that cash and cash equivalents as at 31 December 2022 had been impacted by 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.

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 2023, the Company purchased 130,401 treasury shares for Euro 169 thousand, equal to 0.53% of the share capital, with an average purchase price of Euro 1.30 per share. Following these transactions, as at 31 December 2023, the Company held 2,507,752 treasury shares equal to 7.88% of the share capital. Their nominal amount of Euro 6,177 thousand as at 31 December 2023 was classified as a reduction in the share capital for their nominal value, equal to Euro 2,508 thousand, and the value exceeding the nominal amount, totalling Euro 3,669 thousand, was recognised as a reduction in the share premium reserve.
There was also a negative effect for Euro 713 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 related to the revaluation of the Brazilian Real (for Euro 1,827 thousand) and the devaluation of the Turkish Lira (for Euro 2,540 thousand). In 2023, the effect related to high inflation in Turkey following the adoption of IAS 29 was also recorded for Euro 1,437 thousand.
Other reserves increased due to the allocation of the 2022 profit of the Company as per the resolution of the shareholders' meeting held on 20 April 2023.

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

(thousands of Euros)	Amount	Available for use[1]	Available portion	Distributable portion
Share capital	29,302	-	-	-
Share premium reserve	49,400	A, B, C	49,400	49,400
Legal reserve	6,618	B	6,618	758
Other reserves	41,677	A, B, C	41,677	39,335
Total share capital and reserves	**126,997**		**97,695**	**89,493**
Profit (loss) for the year	3,416			
Total Shareholders' Equity	**130,413**			

[1] A: for capital increase
B: to hedge losses
C: for distribution to shareholders

Other reserves include Retained earnings for Euro 75,612 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 33,934 thousand. Other Reserves include the reserve for equity-accounted investments for Euro 5,606 thousand. Pursuant Article 2426, paragraph 1(4) of the Italian Civil Code, these cannot be distributed until 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 18,285 thousand), in SRI Empreendimentos e Participações LTDA for Euro 1,627 fully offset by the negative value of the translation reserve (Euro 15,649 thousand), for Euro 1,183 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. Due to the distribution of dividends of Euro 224 thousand in 2023 by Steritek S.p.A. and the disposal of the equity investment held in Skopster

Doo Skopje for Euro 148 thousand, the reserve for equity-accounted investments can now be distributed for a corresponding amount.

6.16 Due to banks and other lenders

The item is broken down as follows:

(thousands of Euros)	as at 31 December 2023			as at 31 December 2022		
	Current	Non-current	Total	Current	Non-current	Total
Due to banks	54,108	38,636	92,744	73,109	34,734	107,843
Due to other lenders	3,358	23,139	26,497	2,809	23,332	26,141
Total	**57,466**	**61,775**	**119,241**	**75,918**	**58,066**	**133,984**

Due to banks

The portion of the payable falling due within 12 months relating to the item Due to banks as at 31 December 2023 presents a decrease with respect to 31 December 2022 of Euro 19,001 thousand. This decrease was primarily caused by lower recourse to self-liquidating credit lines and to the payment 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 2023 increased with respect to 31 December 2022 by Euro 3,902 thousand. This increase is related to the reclassification to short-term of the mortgage instalments due within the subsequent 12 months and the opening of new unsecured mortgages with Credit Agricòle S.p.A. for Euro 10,000 thousand (residual borrowing due after 12 months equal to Euro 5,333 thousand), Cassa Di Risparmio di Bolzano S.p.A. for Euro 8,000 thousand (residual borrowing due after 12 months equal to Euro 8,000 thousand) and Banco Popolare dell'Emilia Romagna S.p.A. for Euro 10,000 thousand (residual borrowing due after 12 months equal to Euro 6,842 thousand), aimed at maintaining a proper balance between short and medium-term borrowing.

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
Cassa di Risparmio di Bolzano	<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. All financial covenants, calculated on the amounts inferred from the Group's consolidated financial statements, were respected as at 31 December 2023.

Due to banks are shown below by maturity:

(thousands of Euros)	as at 31 December 2023	as at 31 December 2022
Maturity less than or equal to 6 months	44,084	61,350
Maturity between 6 and 12 months	10,024	11,759
Maturity between 1 and 5 years	38,136	31,921
More than 5 years	500	2,813
Total	**92,744**	**107,843**

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

(thousands of Euros)	as at 31 December 2023	as at 31 December 2022
1 to 2 years	15,645	16,291
Maturity between 2 and 5 years	22,491	15,630
More than 5 years	500	2,813
Total	**38,636**	**34,734**

The average effective interest rates as at 31 December 2023 were as follows:

	as at 31 December 2023	as at 31 December 2022
Advances on invoices	4.06%	0.89%
Bank loan	3.76%	1.14%

Due to other lenders

Due to other lenders are broken down by maturity below:

(thousands of Euros)	as at 31 December 2023	as at 31 December 2022
Maturity less than or equal to 6 months	2,277	1,903
Maturity between 6 and 12 months	1,081	906
Maturity between 1 and 5 years	11,867	10,454
More than 5 years	11,272	12,878
Total	**26,497**	**26,141**

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
Deferred tax liabilities as at 1 January 2022	**26**	**1,685**	**11**	**1,722**
Changes recognised in the income statement	1	38	(8)	31
Changes recognised in other comprehensive income	-	-	-	-
Deferred tax liabilities as at 31 December 2022	**27**	**1,723**	**3**	**1,753**
Changes recognised in the income statement	1	31	-	32
Changes recognised in other comprehensive income	-	-	-	-
Deferred tax liabilities as at 31 December 2023	**28**	**1,754**	**3**	**1,785**

6.18 Employee benefits

This item changed as follows:

(thousands of Euros)	2023	2022
Opening balance	**6,463**	**7,644**
Incorporations	-	-
Provision	-	213
Financial expenses	211	31
Actuarial (gains)/losses	(1)	(500)
Transfers (to)/from other provisions	-	-
(Payments)	(572)	(925)
Reclassifications	(363)	-
Closing balance	**5,738**	**6,463**

The item mainly includes the Provision for employee severance indemnity recognised to the employees of the Company 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:

	2023	2022
Technical annual discounting back rate	3.08%	3.63%
Annual inflation rate	2.00%	5.9% for 2023, 2.3% for 2024, 2.0% from 2025
Annual growth rate of the employee severance indemnity	3.00%	5.9% for 2023, 3.2% for 2024, 3.0% from 2025

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 7 years. For the choice of the annual inflation rate, reference was made to the Update Note to the 2023 DEF (NADEF 2023) published on 27 September 2023, which shows the value of the consumption deflator for the years 2023, 2024 and 2025 equal respectively to 5.6%, 2.4% and 2.0%. On the basis of what has been indicated above and of the current inflationary trend, use a constant inflation rate of 2.0% for 2024 and subsequent years.

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	(156)	+164	+93	(90)	(9)	+9

6.19 Provisions for risks and charges

The following changes were reported for the item in question:

(thousands of Euros)	as at 31 December 2023	as at 31 December 2022
Opening balance	**3,332**	**2,285**
Provisions	319	2,471
Payments/resolutions	(804)	(1,424)
Other changes	-	-
Closing balance	**2,847**	**3,332**

The provision for risks went from Euro 3,332 thousand as at 31 December 2022 to Euro 2,847 thousand as at 31 December 2023.

The item Payments/Resolutions refers in part to the releases linked to allocations relating to onerous contracts for Euro 240 thousand and in part to the use of Euro 320 thousand deriving from the Company's defeat in the Court of Appeal, which determined the recognition of the indemnity to the requesting party. However, it should be noted that the Company decided to appeal against the Court of Appeal ruling. The remaining part of the uses for the year is mainly attributable to the use of the provision allocated for the restructuring project regarding the Ariccia plant, of Euro 156 thousand. The item Provisions mainly includes the amount of Euro 224 thousand, related to the estimates pertaining to the medical devices payback measure. The allocation made and the provision already allocated as at 31 December 2022 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 2015-2018 period and also considering the 2019-2023 timescale; however, the provision allocated as at 31 December 2023, correlated to the medical devices payback measure amounts to Euro 2,564 thousand. The Company has launched an appeal with regard to the payback requests relief put forward to date by the Regions, in the appropriate courts.
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 2023, 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 2023	as at 31 December 2022
Due to suppliers	69,474	70,184
Due to subsidiaries	2,455	3,209
Due to associates and jointly-controlled companies	3,298	1,974
Due to parent company	4,659	5,161
Due to companies under the control of the parent companies	16	-
Total	**79,902**	**80,528**

Due to suppliers

The balance as at 31 December 2023 refers entirely to trade payables due within 12 months. The decrease is mainly attributable to a slight drop in average days of payment to suppliers.

Due to subsidiaries

The balance as at 31 December 2023 includes trade payables due within 12 months to the subsidiaries San Martino 2000 S.c.r.l. for Euro 713 thousand, Ekolav S.r.l. for Euro 1,116 thousand, Steritek S.p.A. for Euro 457 thousand and Wash Services S.r.l. for Euro 169 thousand.

Due to associates and jointly-controlled companies

The balance as at 31 December 2023 is composed mainly of trade payables due to the companies AMG S.r.l. for Euro 557 thousand, Arezzo Servizi S.c.r.l. for Euro 604 thousand, Piemonte Servizi Sanitari S.c.r.l. for Euro 880 thousand and Iniziative Produttive Piemontesi S.r.l. for Euro 793 thousand.

Due to parent company

Trade payables due to the parent company Coopservice S.Coop.p.A. amount to Euro 4.659 thousand.

6.22 *Current tax payables*

(thousands of Euros)	as at 31 December 2023	as at 31 December 2022
Current tax payables	507	-
Total	**507**	**-**

As at 31 December 2023, the current tax payable relates to the IRAP payable.

6.23 *Other current financial liabilities*

As at 31 December 2023, there were no current financial liabilities.

6.24 *Other current payables*

The table below provides a breakdown of other current liabilities:

(thousands of Euros)	as at 31 December 2023	as at 31 December 2022
Deferred income and accrued expenses	1,255	598
Payables due to social security and welfare institutions	5,047	3,836
Other payables	11,933	12,331
Total	**18,235**	**16,765**

Payables due to social security and welfare institutions

Payables 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 2023	as at 31 December 2022
Due to employees	9,101	9,492
Employee/professional IRPEF (personal income tax) payable	1,994	2,646
Other payables	838	193
Total	**11,933**	**12,331**

6.25 Financial guarantee contracts

The table below provides the details of the guarantees given by the Company as at 31 December 2023 and 31 December 2022:

(thousands of Euros)	as at 31 December 2023	as at 31 December 2022
Guarantees issued by banks and insurance companies for tenders	77,941	73,581
Guarantees issued by banks and insurance companies for lease agreements and utilities	148	159
Guarantees issued by banks and insurance companies in favour of third parties	77,752	63,681
Owned assets held by third parties	149	149
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	9	89
Pledge on shares of Synchron Nuovo S.Gerardo	344	344
Pledge on Summano Sanità shares given as loan guarantee	10	10
Total	**157,944**	**139,604**

The guarantees issued and the other commitments refer to:

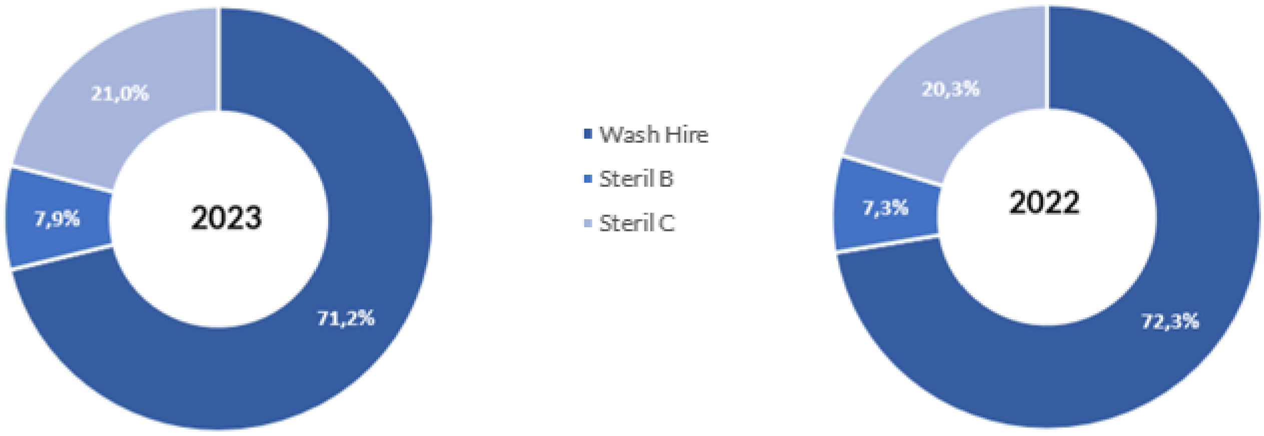
- Guarantees issued by banks and insurance companies for tenders: these were issued on behalf of the company in favour of customers or potential customers for participation in tenders, to guarantee the correct execution of the service.
- Guarantees issued by banks and insurance companies for lease agreements 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. 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*

Revenues from sales and services of Servizi Italia S.p.A. is shown below, divided by business line, for periods ended as at 31 December 2023 and 31 December 2022, showed the following data and changes:

(thousands of Euros)	**Year ended as at 31 December**	
	2023	**2022**
Wash-hire	166,434	159,105
Steril B (Linen Sterilisation)	18,443	16,161
Steril C (Surgical Instruments Sterilisation)	49,003	44,685
Sales revenues	**233,880**	**219,951**



Revenues from **wash-hire services** (which in absolute terms represent 71.2% of total revenues) went from Euro 159,105 thousand in 2022 to Euro 166,434 thousand in 2023. The growth in revenues of 4.6% compared to the previous year is mainly related to the inflationary adjustments accrued and subscribed in 2022 and 2023.

Revenues from **linen sterilisation services** (steril B) (which in absolute terms represent 7.9% of total revenues) recorded an increase of 14.1% compared to the previous year, from Euro 16,161 thousand in 2022 to Euro 18,443 thousand in 2023; the significant positive change compared to the previous year is attributable to the presence, in the comparison period, of the provision allocation related to the requests for coverage of the payback on medical devices for Euro 2,342 thousand. Net of the effects deriving from the allocations of coverage required by the payback rule, in fact, the change would be Euro 164 thousand (+0.9%).

Revenues from **surgical instrument sterilisation services** (steril C) (which in absolute terms represent 20.9% of total revenues) rose from Euro 44,685 thousand in 2022 to Euro 49,003 thousand in 2023, therefore recording a growth of 9.7%, due to the significant increase in surgery activities recorded in 2023 compared to 2022.

7.2 *Other income*

Other income went from Euro 9,912 thousand as at 31 December 2022 to Euro 7,973 thousand as at 31 December 2023, as indicated below:

(thousands of Euros)	**Year ended as at 31 December**

	2023	2022
Rental income	576	550
Capital gains from asset sale	324	1,426
Recovered costs pertaining to third parties	1,506	1,292
ATI income	1,666	1,662
Contingent assets	291	142
Recovered costs and sundry income	1,733	2,459
Operating grants	1,877	2,381
Sales revenues	**7,973**	**9,912**

The item recorded a decrease compared to the previous year mainly due to the lower benefit for the tax credit on gas and electricity, as well as the decrease in the item Capital gains on sale of assets, as in 2022 capital gains were realised following the disposal of assets relating to certain discontinued contracts.
It should be noted that the item Operating grants includes the electricity and gas tax credit benefit relating to the first half year of 2023 for Euro 1,840 thousand.
Pursuant to Article 1, paragraphs 125 to 129, of Italian 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 on government aid and *de minimis* aid. Contributions received by the Company are listed in the aforementioned Register.

7.3 Raw materials and consumables

Consumption of raw materials of Euro 21,570 thousand show a decrease compared to the previous period (Euro 23,101 thousand in 2022), mainly as a result of lower costs incurred for the purchase of disposable products, PPE and packaging materials, which offset the higher costs incurred for consumables, spare parts and washing and chemical products, which were negatively affected by the persisting of increasing price dynamics which had started in the second half of the previous year.

7.4 Costs for services

The item is broken down as follows:

(thousands of Euros)	Year ended as at 31 December	
	2023	**2022**
External laundering and other industrial services	30,176	30,002
Travel and transport	13,130	12,653
Utilities	16,310	18,504
Administrative costs	3,199	2,198
Consortium and sales costs	9,265	9,354
Personnel expense	1,645	1,439
Maintenance	7,273	7,163
Use of third-party assets	2,935	2,512
Other services	1,383	804
Total	**85,316**	**84,629**

The item Costs for services recorded an increase of 0.8% compared to the previous financial year, equal to Euro 687 thousand, from Euro 84,629 thousand in 2022 to Euro 85,316 thousand in 2023. On the other hand, there was a decrease in terms of incidence on revenues, which went from 38.5% in 2022 to 36.5% in 2023, mainly due to lower costs for utilities, which, positively affected by the improvement in

tariffs observed from the third quarter of 2023, show a decrease of Euro 2,194 thousand, or a decrease of 1.4% in terms of relative incidence.
Travel and transport costs show an increase of Euro 477 thousand compared to 31 December 2022, mainly due to higher volumes generated in the hotel sector 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 1,001 thousand compared to the previous year due to higher costs attributable to consultancies for extraordinary transactions, as well as greater legal and administrative consultancy compared to the comparison period.
Please note that Costs for the use of third-party assets recognised as at 31 December 2023 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:

(thousands of Euros)	Year ended as at 31 December	
	2023	**2022**
Costs for directors' fees	652	637
Salaries and wages	50,421	48,496
Temporary work	3,777	2,981
Social security charges	16,413	15,929
Employee severance indemnity	3,352	3,392
Other costs	260	242
Total	**74,875**	**71,677**

The item Personnel expense went from Euro 71,677 thousand in 2022 to Euro 74,875 thousand in 2023, therefore recording an increase of Euro 3,198 thousand, mainly due to the increase in volumes handled during the year, as well as the recognition of wage increases tranches deriving from the entry into force of the new national collective agreement. In any case, although it is up in absolute terms, it should also be noted that this item shows a decrease in terms of relative incidence of 0.6% compared to 2022.

The table below shows the average composition of workforce:

	Average number of employees	
	2023	**2022**
Executives	12	12
Middle managers	29	27
White-collar staff	183	172
Blue-collar staff	1,653	1,715
Total	**1,877**	**1,926**

7.6 Other costs

The item is broken down as follows:

(thousands of Euros)	Year ended as at 31 December

	2023	2022
Tax-related expense	156	148
Contingent liabilities/(assets)	(14)	(44)
Membership fees	170	162
Gifts to customers and employees	119	123
Other	881	1,021
Total	**1,312**	**1,410**

The item Other costs decreased by Euro 98 thousand compared to the previous financial year, mainly as a result of lower capital losses realised 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	
	2023	**2022**
Amortisation of intangible assets	893	907
Depreciation of property, plant and equipment	43,136	44,912
Impairment and provisions	628	(175)
Provision for risks	-	-
Total	**44,657**	**45,644**

The item Depreciation/amortisation, impairment and provisions recorded a decrease compared to the same period of the previous year of Euro 987 thousand, from Euro 45,644 thousand as at 31 December 2022 to Euro 44,657 thousand as at 31 December 2023. It should be noted that the effect is mainly attributable to the decrease in depreciation of property, plant and equipment for Euro 1,776 thousand. The item Impairment and provisions includes the provision for the year relating to risks on receivables and default interest as well as the release of default interest collected during the year.

7.8 Financial income

The item is broken down as follows:

(thousands of Euros)	Year ended as at 31 December	
	2023	**2022**
Bank interest income	-	-
Default interest	214	65
Interest income on loans to third-party companies	952	747
Net exchange rate earnings	-	-
Other financial income	111	106
Total	**1,277**	**918**

The item Financial income recorded an increase of Euro 359 thousand, from Euro 918 thousand as at 31 December 2022 to Euro 1,277 thousand as at 31 December 2023, mainly as a result of the increase in interest income on loans to third-party companies. Default interest accrues as a result of the delays in payment by some private customers.

7.9 Financial expenses

The item is broken down as follows:

(thousands of Euros)	Year ended as at 31 December

	2023	2022
Interest expense and bank fees	4,503	1,209
Interest expense for leases	1,356	1,399
Interest and expense to other lenders	952	355
Financial expense on employee benefits	211	31
Net exchange rate losses	1,412	437
Other financial expenses	1,285	64
Total	**9,719**	**3,495**

The item Financial expenses went from Euro 3,495 thousand to Euro 9,719 thousand and shows an increase of Euro 6,224 thousand. The change is primarily attributable to the significant increase in interbank interest rates associated with outstanding liabilities with banks as well as exchange rates losses associated with the depreciation of the Turkish lira and of the rupee against the Euro. During the year, the capital loss related to the sale of the shares of the Albanian company Sanitary Cleaning Sh.p.k. was also recorded for Euro 1,200 thousand, included in the item Other financial expenses.

7.10 Income and expense from equity investments

The item includes dividends collected in 2023 from associates and other companies for Euro 419 thousand. During the year, Euro 188 thousand was collected from Prosa S.p.A., Euro 73 thousand from Sesamo S.p.A.,
Euro 35 thousand from Arena Sanità S.p.A., Euro 78 thousand from Asolo Hospital Service S.p.A. and Euro 45 thousand from other companies.

7.11 Income taxes

The item is broken down as follows:

(thousands of Euros)	Year ended as at 31 December	
	2023	**2022**
Current taxes	1,400	888
Deferred tax liabilities/(assets)	(376)	(2,146)
Total	**1,024**	**(1,258)**

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	
	2023	**2022**
IRES (company earnings tax) reconciliation		
Profit before tax from Income statement	4,440	480
Theoretical taxes (24%)	**1,066**	**115**
Tax effects of the permanent differences:		
on increases	2,618	1,973
on decreases	(4,112)	(4,688)
foreign taxes	-	-
substitute taxes	746	749
Total effective IRES taxes	**317**	**(1,851)**
IRAP (regional business tax)	656	138
Total effective taxes	**973**	**(1,713)**

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 final 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 2023 are presented below:

(thousands of Euros)	31-Dec-23								
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)	2	156	13,156	-	-	2	-	-	-
Consorzio San Martino 2000 S.c.r.l. (subsidiary)	2,663	862	3,372	-	-	-	-	-	-
Steritek S.p.A. (subsidiary)	-	69	414	-	-	-	-	-	-
Ankateks Turizm İnsaat Tekstil Temizleme Sanayi VE (subsidiary)	-	-	-	-	-	-	82	-	-
SRI Empreendimentos e Participações LTDA (subsidiary)	-	-	-	-	-	-	-	-	-
Lavsim Higienização Têxtil S.A. (subsidiary)	-	33	-	-	-	-	-	-	-
Ekolav S.rl. (subsidiary)	59	41	2,951	-	-	-	53	-	-
Wash Service S.r.l. (subsidiary)	-	69	564	-	-	-	-	-	-
Aurum S.p.A. (parent company)	-	-	-	-	-	-	-	-	-
Arezzo Servizi S.c.r.l. (joint control)	-	12	1,019	-	-	-	17	-	-
Psis S.r.l. (joint control)	187	111	1	-	10	59	-	-	-
Amg S.r.l. (joint control)	-	8	462	-	-	-	-	-	-
Steril Piemonte S.c.r.l. (joint control)	-	-	-	-	-	-	-	-	-
Piemonte Servizi Sanitari S.c.r.l. (associate)	-	128	497	-	-	-	6	-	-
Iniziative Produttive Piemontesi S.r.l. (associate)	-	-	672	-	-	-	2	-	-
SAS Sterilizasyon Servisleri A.Ş. (joint control)	-	-	-	-	-	-	-	-	-
Shubhram Hospital Solutions Private Limited (joint control)	-	-	-	-	-	-	184	10	-
Saniservice Sh.p.k. (joint control)	234	120	-	-	-	-	260	-	-
Servizi Sanitari Integrati Marocco S.a.r.l. (joint control)	-	-	-	-	-	-	-	-	-
Finanza & Progetti S.p.A. (joint control)	-	18	-	-	-	-	236	-	-
Brixia S.r.l. (associate)	4,422	-	39	-	-	-	-	-	-
Tecnoconsulting S.r.l. (Associate)	-	-	59	-	250	-	-	-	-
Focus S.p.A. (affiliated)	-	-	-	-	-	15	-	1,124	-
Istituto di Vigilanza Coopservice (associated company)	-	-	13	-	-	-	-	-	-
New Fleur S.r.l. (affiliated)	-	195	-	-	-	-	-	-	-
Ospedal Grando S.p.A. (related party)	10,951	-	192	-	-	-	-	-	-
Total	**18,518**	**1,822**	**411**	**-**	**60**	**76**	**840**	**1,134**	**-**

(thousands of Euros)	31-Dec-23					
Statement of financial position	**Amount of trade receivables**	**Amount of trade payables**	**Amount of financial receivables**	**Value of rights of use**	**Amount of financial payables**	**Amount of other liabilities**
Coopservice S.Coop.p.A. (parent company)	244	4,659	-	-	-	-
Consorzio San Martino 2000 S.c.r.l. (subsidiary)	2,709	713	-	-	-	-
Steritek S.p.A. (subsidiary)	21	457	-	-	-	-
Ankateks Turizm İnsaat Tekstil Temizleme Sanayi VE (subsidiary)	52	-	2,075	-	-	-
SRI Empreendimentos e Participações LTDA (subsidiary)	990	-	-	-	-	-
Lavsim Higienização Têxtil S.A. (subsidiary)	130	-	1,806	-	-	-
Ekolav S.r.l. (subsidiary)	207	1,116	1,193	-	-	-
Wash Service S.r.l. (subsidiary)	43	169	-	-	-	-
Aurum S.p.A. (parent company)	-	-	-	-	-	-
Arezzo Servizi S.c.r.l. (joint control)	12	604	497	-	-	-
Psis S.r.l. (joint control)	105	18	-	-	-	-
Amg S.r.l. (joint control)	8	557	-	-	-	-
Steril Piemonte S.c.r.l. (joint control)	-	-	1,100	-	-	-
Piemonte Servizi Sanitari S.c.r.l. (associate)	756	880	164	-	-	-
Iniziative Produttive Piemontesi S.r.l. (associate)	-	793	55	-	-	-
SAS Sterilizasyon Servisleri A.Ş. (joint control)	-	-	-	-	-	-
Shubhram Hospital Solutions Private Limited (joint control)	-	-	2,944	-	-	-
Saniservice Sh.p.k. (joint control)	658	-	3,447	-	-	-
Servizi Sanitari Integrati Marocco S.a.r.l. (joint control)	-	-	-	-	-	-
Finanza & Progetti S.p.A. (joint control)	387	-	3,090	-	-	-
Brixia S.r.l. (associate)	969	28	-	-	-	-
Tecnoconsulting Srl (associate)	-	236	-	-	-	-
Focus S.p.A. (affiliated)	-	-	-	19,343	21,546	-
Istituto di Vigilanza Coopservice (associated company)	-	16	-	-	-	-
New Fleur S.r.l. (affiliated)	777	11	-	-	-	-
Ospedal Grando S.p.A. (related party)	3,492	180	-	-	-	-
Total	**11,560**	**10,437**	**16,371**	**19,343**	**21,546**	**-**

Aside from the figures shown above, as at 31 December 2023, transactions with related parties included directors' fees for Euro 702 thousand and executive personnel expense for Euro 2,986 thousand. As at 31 December 2022, directors' fees were equal to Euro 685 thousand and executive personnel expense to Euro 2,633 thousand.
The main economic and financial relations with related companies in 2023 were the following:

Coopservice S.Coop.p.A.
Revenues from sales and the associated trade receivables as at 31 December 2023 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 2023, 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 Az. 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 2023, the costs and trade payables due to the subsidiary Steritek S.p.A. were related to validation services for the sterilisation centres.

Ankateks Turizm İnsaat Tekstil Temizleme Sanayi VE
As at 31 December 2023, 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 outstanding loan granted to the subsidiary for Euro 2,075 thousand.

SRI Empreendimentos e Participaçoes L.t.d.a.
As at 31 December 2023, trade receivables from SRI Empreendimentos e Participações Ltda were related to the charge-back of expense for 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 497 thousand loan granted to the associate.

Psis S.r.l.
As at 31 December 2023, revenues from the sale of goods and services to PSIS S.r.l. were mainly related to the charge-back of administrative management services and validation services.

AMG S.r.l.
At the end of 2023, 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 2023, the financial receivable of Euro 1,100 thousand relates to the reduction of the share capital by the company.

Iniziative Produttive Piemontesi S.r.l.
As at 31 December 2023, revenues from the sale of goods and services to Iniziative Produttive Piemontesi S.r.l. were mainly related to validation services. The financial receivable is for a Euro 55 thousand loan granted to the associate.

Shubhram Hospital Solutions Private Limited.

As at 31 December 2023, financial receivables and financial income relate to equity instruments disbursed to the jointly controlled company for Euro 2,944 thousand.

Saniservice Sh.p.k.
As at 31 December 2023, 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 centres and to business management services. The financial receivable and financial income were related to an outstanding loan granted to the associate, equal to Euro 3,447 thousand.

Finanza & Progetti S.p.A.
As of 31 December 2023, the value included in the financial receivables relates to an active loan granted equal to Euro 3,090 thousand.

Brixia S.r.l.
As at 31 December 2023, 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. Total fees for the properties leased in 2023 amount to Euro 3,083 thousand, and are applied in the Company's financial statements in accordance with the provisions of the IFRS 16.
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.

Istituti di Vigilanza Coopservice S.c.r.l.
Economic and financial relations with Istituti di Vigilanza Coopservice S.c.r.l. relate to security service contracts.

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 2023 authorised the purchase and disposal of treasury shares, as proposed by the Board of Directors. The resolution has authorised the purchase of a maximum of 6,361,890 ordinary shares with a par value of Euro 1.00 each, corresponding to the fifth part of the Company's share capital (taking into account the shares already held by the Company from time to time) for a period of 18 months from the date of the resolution, while the duration of the authorisation relating to the disposal of treasury shares has no time limits.
The treasury shares purchase plan authorised by the Board of Directors, in implementation of the shareholders' meeting resolution of 20 April 2023 - 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 the authorisation by the shareholders' meeting of 20 April 2023, 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 2023 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 9 November 2023, with reference to the press release issued on the same date by the offeror Cometa S.r.l., pursuant to and for the purposes of Article 102 of Italian Legislative Decree no. 58/1998 ("Consolidated Finance Act"), concerning all of the Company's ordinary shares net of the ordinary shares held by the parent company Aurum S.p.A. and the treasury shares held by the Company, Servizi Italia announced the suspension of the buy-back programme resolved by the Shareholders' Meeting on 20 April 2023. The intermediary that coordinated the share purchase program was INTERMONTE SIM S.p.A. As at 31 December 2023, the total number of treasury shares in the portfolio was no. 2,507,752 shares, corresponding to 7.88% of the share capital.

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

As regards:

- fees of directors, officers with strategic responsibilities and statutory auditors;
- stock options of directors, officers with strategic responsibilities and statutory auditors;
- equity investments of directors, officers with strategic responsibilities and statutory auditors;

please see the Remuneration Report, drawn up pursuant to Article 123-ter of Consolidated Law on Finance for the 2023 financial year.

12 Remuneration plans based on financial instruments

As at 31 December 2023, there were no remuneration plans based on financial instruments.

13 Disclosure pursuant to Article 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.	103,437
Audit service	Deloitte & Touche S.p.A	Subsidiaries	10,235
Audit service	Deloitte & Touche S.p.A. network	Subsidiaries	69,125
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.	37,584
Advisory services	Deloitte & Touche S.p.A. network	Servizi Italia S.p.A.	-
Advisory services	Deloitte & Touche S.p.A. network	Subsidiaries/associates	-
Total			**226,382**

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

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

16 Allocation of the profit (loss) for the year

The Board of Directors proposes to allocate the profit for the year, equal to Euro 3,415,507, as follows:

- a maximum amount of Euro 954,283.53 to distribution to the shareholders, corresponding to ordinary dividends per share, gross of legal withholdings, equal to 3 Euro cents for the shares in circulation, excluding treasury shares in the portfolio;
- Euro 469,845 to the valuation reserve for equity investments by using the equity method;
- to carry forward the residual profit for the year.

It also proposes to allocate Euro 372,078 from the valuation reserve for equity investments by using the equity method to profit carried forward as the restrictions on distribution as dividends no longer apply.

The dividend will be paid as from 2 May 2024, coupon detachment date on 29 April 2024, record date on 30 April 2024, and will be paid to the shares that are in circulation as of that date.

The Chairman of the Board of Directors
(Roberto Olivi)

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

Castellina di Soragna, 14 March 2024
In consideration of the provisions of Article 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 separate financial statements during 2023.

It is also hereby stated that the separate financial statements as at 31 December 2023:

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 2023

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CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(thousands of Euros)	Note	31 December 2023	*of which with related parties (Note 8)*	31 December 2022	*of which with related parties (Note 8)*
ASSETS					
Non-current assets					
Property, plant and equipment	**6.1**	166,473	*19,343*	164,779	*19,511*
Intangible assets	**6.2**	3,057	-	3,783	-
Goodwill	**6.3**	61,438	-	62,394	-
Equity-accounted investments	**6.4**	33,023	-	33,067	-
Equity investments in other companies	**6.5**	2,938	-	3,113	-
Financial receivables	**6.6**	6,037	*5,100*	5,503	*4,560*
Deferred tax assets	**6.7**	12,467	-	11,309	-
Other assets	**6.8**	2,531	-	2,954	-
Total non-current assets		**287,964**		**286,902**	
Current assets					
Inventories	**6.9**	9,244	-	8,553	-
Trade receivables	**6.10**	75,141	*8,232*	67,519	*7,969*
Current tax receivables	**6.11**	2,018	-	2,086	-
Financial receivables	**6.12**	8,156	*6,943*	7,080	*5,886*
Other assets	**6.13**	11,753	-	12,732	-
Cash and cash equivalents	**6.14**	4,731	-	18,165	-
Total current assets		**111,043**		**116,135**	
TOTAL ASSETS		**399,007**		**403,037**	
SHAREHOLDERS' EQUITY AND LIABILITIES					
Group shareholders' equity					
Share capital	**6.15**	29,302	-	29,432	-
Other reserves and retained earnings	**6.15**	100,801	-	97,205	-
Profit (loss) for the year		5,463	-	3,833	-
Total shareholders' equity attributable to shareholders of the parent company		**135,566**		**130,470**	
Total shareholders' equity attributable to non-controlling interests		**2,977**		**3,003**	
TOTAL SHAREHOLDERS' EQUITY	**6.15**	**138,543**		**133,473**	
LIABILITIES					
Non-current liabilities					
Due to banks and other lenders	**6.16**	66,385	*19,484*	62,484	*19,654*
Deferred tax liabilities	**6.17**	2,933	-	2,870	-
Employee benefits	**6.18**	7,389	-	8,055	-
Provisions for risks and charges	**6.19**	7,494	-	6,386	-
Other financial liabilities	**6.20**	465	-	851	-
Total non-current liabilities		**84,666**		**80,646**	
Current liabilities					
Due to banks and other lenders	**6.16**	63,202	*2,340*	81,760	*1,838*
Trade payables	**6.21**	87,631	*8,152*	85,077	*7,240*
Current tax payables	**6.22**	626	-	26	-
Employee benefits	**6.18**	-	-	-	-
Other financial liabilities	**6.23**	416	-	13	-
Provisions for risks and charges	**6.19**	1,783	-	2,097	-
Other payables	**6.24**	22,140	-	19,945	-
Total current liabilities		**175,798**		**188,918**	
TOTAL LIABILITIES		**260,464**		**269,564**	
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		**399,007**		**403,037**	

CONSOLIDATED INCOME STATEMENT

(thousands of Euros)	Note	31 December 2023	*of which with related parties (Note 8)*	31 December 2022	*of which with related parties (Note 8)*
Sales revenues	**7.1**	**287,915**	*16,456*	**270,313**	*14,690*
Other income	**7.2**	7,486	*748*	9,600	*986*
Raw materials and consumables	**7.3**	(27,906)	*(166)*	(29,235)	*(161)*
Costs for services	**7.4**	(99,372)	*(16,600)*	(99,165)	*(18,834)*
Personnel expense	**7.5**	(94,580)	(52)	(89,861)	*(918)*
Other costs	**7.6**	(2,143)	*(76)*	(1,965)	*(66)*
Depreciation/amortisation, impairment and provisions	**7.7**	(56,400)	-	(56,759)	-
Operating profit		**15,000**		**2,928**	
Financial income	**7.8**	1,384	840	2,229	612
Financial expenses	**7.9**	(12,640)	(1,134)	(5,800)	(1,306)
Income/(expense) from equity investments	**7.10**	419	-	366	-
Revaluation/impairment of equity-accounted investments	**6.4**	1,948	-	2,181	-
Profit before tax		**6,111**		**1,904**	
Current and deferred taxes	**7.11**	(780)	-	1,524	
Profit (loss) for the year		**5,331**		**3,428**	
of which: portion attributable to shareholders of the parent company		5,463	-	3,833	
Attributable to non-controlling interests		(132)	-	(405)	
Basic earnings per share (in Euros)	**7.12**	***0.19***		***0.13***	
Diluted earnings per share (in Euros)	**7.12**	***0.19***		***0.13***	

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(thousands of Euros)	Note	31 December 2023	31 December 2022
Profit (loss) for the period		**5,331**	**3,428**
Other comprehensive income that will not be reclassified to the Income Statement			
Actuarial gains (losses) on defined benefit plans	**6.18**	1	500
Income taxes on other comprehensive income	**6.7 6.17**	-	(120)
Other comprehensive income that may be reclassified to the Income Statement			
Gains (losses) from conversion of foreign financial statements		(2,070)	1,944
Portion of comprehensive income of the investments measured using the equity method	**6.4**	(626)	2,531
Income taxes on other comprehensive income			
Total other comprehensive income after taxes		**(2,695)**	**4,855**
Total comprehensive income for the period		**2,636**	**8,283**
of which: portion attributable to shareholders of the parent company		3,827	9,089
Attributable to non-controlling interests		(1,191)	(806)

CONSOLIDATED CASH FLOW STATEMENT

(thousands of Euros)	Note	31 December 2023	*of which with related parties (Note 8)*	31 December 2022	*of which with related parties (Note 8)*
Cash flow generated (absorbed) by operations					
Profit (loss) before tax		6,111	-	1,904	-
Payment of current taxes		(333)	-	(785)	-
Amortisation/Depreciation	7.7	55,686	-	56,900	-
Impairment and provisions	7.7	714	-	(141)	-
Gains/losses on equity investments	6.4 7.10	(2,366)	-	(2,547)	-
Gains/losses on disposal	7.2 7.6	(565)	-	(995)	-
Interest income and expense accrued	7.8 7.9	11,256	-	3,571	-
Interest income collected	7.8	657	-	393	-
Interest expense paid	7.9	(8,331)	-	(3,388)	-
Interest paid on liabilities for leases		(1,882)	*(1,414)*	(1,875)	*(1,177)*
Provisions for employee benefits	6.18	796	-	1,598	-
(Increase)/decrease in inventories	6.9	(589)	-	19	-
(Increase)/decrease in trade receivables	6.10	(12,101)	*(263)*	(4,967)	*(238)*
Increase/(decrease) in trade payables	6.22	5,953	*912*	11,673	*(232)*
Increase/(decrease) in other assets and liabilities		2,307	-	(2,910)	-
Settlement of employee benefits	6.18	(1,404)	-	(2,068)	-
Cash flow generated (absorbed) by operations		**55,909**		**56,382**	
Net cash flow generated (absorbed) by investment activities in:					
Intangible assets	6.2	(540)	-	(551)	-
Property, plant and equipment	6.1	(51,231)	-	(50,833)	-
Dividends received	7.10	419	-	346	-
Acquisitions	3.3	-	-	-	-
Equity investments	6.4 6.5	(134)	-	620	-
Net cash flow generated (absorbed) by investment activities		**(51,486)**		**(50,418)**	
Cash flow generated (absorbed) by financing activities in:					
Financial receivables	6.6 6.12	(491)	*(1,597)*	(1,438)	*(1,466)*
Dividends paid	6.15	(12)	-	-	-
Net (purchase)/sales of treasury shares	6.15	(170)	-	(613)	-
Share capital increase	6.15	-	-	-	-
Shareholders' equity	6.15	-	-	433	-
Current due to banks and other lenders	6.16	(14,402)	-	10,463	-
Non-current due to banks and other lenders	6.16	1,017	-	3,649	-
Reimbursement of liabilities for leases		(3,787)	*(1,962)*	(3,559)	*(1,693)*
Cash flow generated (absorbed) by financing activities		**(17,845)**		**8,935**	
(Increase)/decrease in cash and cash equivalents		**(13,422)**		**14,899**	
Opening cash and cash equivalents	6.15	**18,165**		**3,217**	
Effect of exchange rate fluctuations		**12**		**(49)**	
Closing cash and cash equivalents	6.15	**4,731**		**18,165**	

STATEMENT OF CHANGES IN CONSOLIDATED SHAREHOLDERS' EQUITY

(thousands of Euros)	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
Balance as at 1 January 2022	**29,809**	**49,675**	**6,618**	**62,484**	**(36,402)**	**7,500**	**1,435**	**121,119**
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
Balance as at 31 December 2022	**29,432**	**49,439**	**6,618**	**75,205**	**(34,057)**	**3,833**	**3,003**	**133,473**
Balance as at 1 January 2023	**29,432**	**49,439**	**6,618**	**75,205**	**(34,057)**	**3,833**	**3,003**	**133,473**
Allocation of profit from the previous year	-	-	-	3,833	-	(3,833)	-	-
Distribution of dividends	-	-	-	-	-	-	(11)	(11)
High inflation effect in Turkey	-	-	-	1,437	-	-	1,176	2,613
Treasury share transactions	(130)	(39)	-	-	-	-	-	(169)
Profit (loss) for the year	-	-	-	-	-	5,463	(132)	5,331
Other components of comprehensive income	-	-	-	(626)	(1,010)	-	(1,059)	(2,695)
Balance as at 31 December 2023	**29,302**	**49,400**	**6,618**	**79,849**	**(35,067)**	**5,463**	**2,977**	**138,543**

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 2023

The following IFRS accounting standards, amendments and interpretations were applied for the first time by the Group starting on 1 January 2023:

- 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 at the date of first application, such as leases and dismantling obligations, must be accounted for. These changes were applied as from 1 January 2023.

- 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 regarding IAS 1 require entities to disclose relevant information on the accounting standards applied by the Group. The amendments are aimed at improving disclosure on the accounting standards applied by the Group 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. These changes were applied as from 1 January 2023.

- On 23 May 2023, the IASB published an amendment called ***"Amendments to IAS 12 Income taxes: International Tax Reform – Pillar Two Model Rules"***. The document introduced a temporary exception to the obligations of recognition and disclosure of deferred tax assets and liabilities relating to the *Model Rules* of Pillar Two (which were in force in Italy as at 31 December 2023, but with application from 1 January 2024) and provides for specific disclosure obligations for the entities concerned by the related *International Tax Reform*. The document provides for the immediate application of the temporary exception, while the disclosure requirements only apply to annual financial statements starting on 1 January 2023 (or later) but not to interim financial statements with a closing date prior to 31 December 2023.

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 2023

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 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 these amendments is to clarify how to classify payables and other short or long-term liabilities. In addition, the amendments also improve the information that entities must provide when their right to defer the settlement of a liability for at least 12 months is subject to compliance with specific parameters (i.e. covenants). 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 these amendments are 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 recognise 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.

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

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

- On 25 May 2023, the IASB published an amendment called ***"Amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures: Supplier Finance Arrangements"***. The document requires an entity to provide additional information on reverse factoring agreements that allow users of financial statements to assess how financial agreements with suppliers may affect the entity's liabilities and cash flows and to understand the effect of such agreements on the entity's exposure to liquidity risk. 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.

- On 15 August 2023, the IASB published an amendment called ***"Amendments to IAS 21 The Effects of Changes in Foreign Exchange Rates: Lack of Exchangeability"***. This document requires entities to apply a methodology to be applied consistently in order to verify whether one currency can be converted into another and, when this is not possible, how to determine the exchange rate to be used and the information to be provided in the explanatory notes. The amendment will apply as from 1 January 2025, 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 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 29, 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 as at 31 December 2022 and 31 December 2023 respectively are shown below:

Periods	General indices of cumulative consumer prices
From 1 December 2005 to 31 December 2022	820.1%
From 1 January 2023 to 31 December 2023	64.8%

The financial statements consolidated line-by-line were prepared as at 31 December 2023 and have been drafted, adjusted as required, where necessary, 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 2023.

Currency	Exchange rate as at 31 December 2023	Average exchange rate for 2023	Exchange rate as at 31 December 2022	Average exchange rate for 2022
Brazilian Real (BRL)	5.3618	5.4010	5.6386	5.4399
Turkish Lira (TRY)	32.6531	25.7597	19.9649	17.4088
Albanian Lek (LEK)	103.7900	108.7828	114.4600	118.9326
Indian Rupee (INR)	91.9045	89.3001	88.1710	82.6864
Moroccan Dhiram (MAD)	10.9280	10.9555	11.1580	10.6781

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 2023	Percent equity investment as at 31 December 2023	Percent equity investment as at 31 December 2022
San Martino 2000 S.c.r.l.	Genoa	EUR	10	60.0%	60.0%
Steritek S.p.A.	Malagnino (Cremona)	EUR	134	95.0%	95.0%
Ankateks Turizm İnşaat Tekstil Temizleme Sanayi ve Ticaret Ltd Şirketi	Ankara, Turkey	TRY	85,000	55.0%	55.0%
Ergülteks Temizlik Tekstil Ltd. Sti.[**]	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%	51.0%
SRI Empreendimentos e Participações LTDA	São Paulo (Brazil)	BRL	217,758	100.0%	100.0%
Lavsim Higienização Têxtil S.A.[*]	São Roque, State of 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, State of 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%
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%

[*] *Held through SRI Empreendimentos e Participações Ltda*
[**] *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 2023	Percent equity investment as at 31 December 2023	Percent equity investment as at 31 December 2022
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	1,000	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%[*]	30%[*]
SAS Sterilizasyon Servisleri A. Ş.	Istanbul – Turkey	TRY	36,553	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%
Tecnoconsulting S.r.l.	Scandicci (FI) - Italy	EUR	10	33%	-
Servizi Sanitari Integrati Marocco S.a.r.l.	Casablanca – Morocco	MAD	122	51%	51%

(*) Indirect 15.05% interest through Iniziative 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 plants, 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 recognise 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 an 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 realises 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. 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.

I. Employee benefits

<u>Post-employment plans</u>

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 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.

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.

J. 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.

K. 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 are 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.

L. 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 to realise the asset and simultaneously extinguish the liability.

M. 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.

N. 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*: 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.

<u>Price risk</u>

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 2023, represent approximately 48.77% of its debt, at an average annual rate of around 4.04%. 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 2023	31 December 2022	31 December 2023	31 December 2022
Financial receivables	+53	+49	(53)	(49)
Financial payables	+450	+597	(450)	(597)
Factoring of receivables	+439	+487	(439)	(487)

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 95.
The Group applies the "simplified approach" of IFRS 9 to measure the expected losses on receivables. It refers to the loss expected for the entire life of all 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 2023 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 2023 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	1.89%	0.60%	1.18%	0.20%	8.18%	72.46%	7.22%
Gross trade receivables	54,671	2,604	3,323	4,713	10,281	5,393	80,985
Loss expected as at 31 December 2023	**1,031**	**16**	**39**	**10**	**841**	**3,908**	**5,844**

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 doubtful 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 2023. 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. Some loan agreements 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 2023, 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 2023	31 December 2022	31 December 2023	31 December 2022	31 December 2023	31 December 2022
Less than or equal to 3 months	42,552	57,143	72,201	73,432	114,753	130,575
3 to 12 months	23,250	26,082	35,692	30,544	58,942	56,626
1 to 2 years	21,565	21,257	-	-	21,565	21,257
More than 2 years	48,846	44,242	-	-	48,846	44,242
Total	**136,213**	**148,724**	**107,893**	**103,976**	**244,106**	**252,700**

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 2023	31 December 2022	31 December 2023	31 December 2022
Brazilian Real	4,012	3,953	(3,282)	(3,234)
Turkish Lira	231	293	(189)	(240)
Total relative to consolidated shareholders' equity	**4,243**	**4,246**	**(3,471)**	**(3,474)**

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 measured 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 measured 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
Non-current assets			
Equity investments in other companies	2,938		
Financial receivables			6,037
Other assets			2,531
Current assets			
Trade receivables			75,141
Financial receivables			8,156
Other assets			11,753
Non-current liabilities			
Due to banks and other lenders			66,385
Other financial liabilities	465		
Current liabilities			
Due to banks and other lenders			63,202
Trade payables			87,631
Other financial liabilities	402		14
Other payables			22,140

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)	31/12/2023	31/12/2022	Change	% change
Shareholders' equity (B)	138,543	133,473	5,070	3.8%
Net financial debt[(a)] (A)	116,700	118,999	(2,299)	-1.9%
Net invested capital (C)	**255,243**	**252,472**	**2,771**	**1.1%**
***Gearing* (A/C)**	**45.7%**	**47.1%**		

[(a)] *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 2023			
	Wash-hire	**Steril B (Linen Sterilisation)**	**Steril C (Surgical Instruments Sterilisation)**	**Total**
Revenues from sales and services	216,949	18,443	52,523	287,915
Other income	5,052	358	2,076	7,486
Raw materials and materials	(17,811)	(5,511)	(4,584)	(27,906)
Costs for services	(82,275)	(3,316)	(13,781)	(99,372)
Personnel expense	(67,850)	(6,192)	(20,539)	(94,580)
Other costs	(1,729)	(89)	(325)	(2,143)
EBITDA[(a)]	**52,337**	**3,694**	**15,369**	**71,400**
Depreciation, amortisation and impairment	(49,676)	(2,250)	(4,473)	(56,400)
Operating profit (EBIT)	**2,660**	**1,444**	**10,896**	**15,000**
Financial income and expense and income and expense from equity investments in other companies				(8,889)
Profit before tax				**6,111**
Tax				(780)
Profit (loss) for the year				**5,331**
Of which portion attributable to the shareholders of the parent company				5,463
Of which portion attributable to non-controlling interests				(132)

(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.*

(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)
EBITDA[(a)]	**44,888**	**1,804**	**12,995**	**59,687**	**4,146**	**62,029**
Depreciation, amortisation and impairment	(49,361)	(2,489)	(4,909)	(56,759)	(2,489)	(56,759)
Operating profit (EBIT)	**(4,473)**	**(685)**	**8,086**	**2,928**	**1,657**	**5,270**
Financial income and expense and income and expense from equity investments in other companies				(1,024)		(1,024)
Profit before tax				**1,904**		**4,246**
Tax				1,524	(653)	871
Profit (loss) for the year				**3,428**		**5,117**
Of which portion attributable to the shareholders of the parent company				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 Aiuti-bis Decree (Aid-bis Decree) and the respective tax effect of Euro 653 thousand. For further information, please refer to the paragraph "Information on ongoing proceedings".*

Revenues from **wash-hire services** (which in absolute terms represent 75.4% of the Group's revenues) rose from Euro 206,223 thousand in 2022 to Euro 216,949 thousand in 2023, recording an increase of 5.2% (or 7.3% at constant exchange rates), supported both by robust growth in wash-hire in Italy (+4.9%) and by a rapid recovery deriving from the price adjustment in the Turkey area (+67.7% 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 in 2023. Revenues in the Brazil area also showed a positive change in the period of 7.8%, i.e. organic growth of 7.0% and an increase of 0.8% driven by the appreciation of the Brazilian Real against the Euro. In terms of margins, the wash-hire EBITDA margin was 24.1% compared to 21.8% in the previous year, and EBIT margin changed from -2.2% to 1.2%. The improvement in the margin is attributable to the sharp drop in the prices of the main energy commodities, in particular as regards Gas, whose incidence decreased from 6.0% to 4.7%, showing an improvement in terms of EBITDA margin of 1.4%, as well as the lower incidence of costs for raw materials of 1.1%, passing from an incidence on turnover of 9.4% in 2022 to 8.2% in 2023, mainly due to lower supplies of disposable products and the lower cost of packaging products.

Revenues from **linen sterilisation services** (**Steril B**) (which in absolute terms represent 6.4% of the Group's revenues) went from Euro 16,161 thousand in 2022 to Euro 18,443 thousand in 2023, an increase of 14.1% primarily due to the allocation relating to the payback recorded in 2022 of Euro 2,342 thousand. Net of the effects deriving from the allocations of coverage required by the payback rule, in fact, the change would be Euro 164 thousand (+0.9%). In terms of margins, the linen sterilisation business recorded an increase in the EBITDA margin from 11.2% (or 22.4% *adjusted*) to 20.0%, and the EBIT margin which went from -4.2% (or 9.0% *adjusted*) to 7.8% as at 31 December 2022.

Revenues from **surgical instrument sterilisation services** (**Steril C**) (which in absolute terms represent 18.2% of the Group's revenues) rose from Euro 47,929 thousand in 2022 to Euro 52,523 thousand in 2023, with an increase of 9.6% equal to Euro 4,594 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 in 2023. The EBITDA margin went from 27.1% to 29.3% as at 31 December 2023, while the EBIT margin went from 16.9% to 20.7% as at 31 December 2023.

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

(thousands of Euros)	31 December 2023			
	Wash-hire	**Steril B (Linen Sterilisation)**	**Steril C (Surgical Instruments Sterilisation)**	**Total**
Total revenues from sales and services	**216,949**	**18,443**	**52,523**	**287,915**
Investments in property, plant and equipment and intangible assets	46,219	2,141	7,455	55,815
Depreciation of property, plant and equipment and amortisation of intangible assets	49,155	2,201	4,330	55,686
Net book value of property, plant and equipment and intangible assets	141,630	3,591	24,309	169,530

(thousands of Euros)	31 December 2022			
	Wash-hire	**Steril B (Linen Sterilisation)**	**Steril C (Surgical Instruments Sterilisation)**	**Total**
Total revenues from sales and services	**206,223**	**16,161**	**47,929**	**270,313**
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

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	39,263	149,532	35,262	70,666	169,995	6,774	471,492
Accumulated depreciation	(10,758)	(107,462)	(26,850)	(58,347)	(104,749)	-	(308,166)
Balance as at 1 January 2022	**28,505**	**42,070**	**8,412**	**12,319**	**65,246**	**6,774**	**163,326**
Translation differences	(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)
Depreciation	(3,365)	(8,182)	(1,558)	(4,355)	(38,179)	-	(55,639)
Impairments (reinstatements)	-	-	-	-	-	-	-
Reclassifications	-	1,536	45	30	139	(1,750)	-
Balance as at 31 December 2022	**28,895**	**42,534**	**7,479**	**10,760**	**66,805**	**8,306**	**164,779**
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)
Balance as at 31 December 2022	**28,895**	**42,534**	**7,479**	**10,760**	**66,805**	**8,306**	**164,779**
Translation differences	(348)	(1,572)	63	47	192	174	(1,444)
High inflation effects in Turkey	366	1,522	-	-	163	-	2,051
Increases	3,288	5,586	862	5,034	35,757	6,170	56,697
Decreases	(60)	(108)	-	(22)	(617)	(382)	(1,189)
Depreciation	(3,546)	(7,280)	(1,250)	(4,248)	(38,091)	-	(54,415)
Impairments (reinstatements)	-	-	-	-	(6)	-	(6)
Reclassifications	100	1,854	21	71	238	(2,284)	-
Balance as at 31 December 2023	**28,695**	**42,536**	**7,175**	**11,642**	**64,441**	**11,984**	**166,473**
Historical cost	45,311	164,047	36,177	73,287	175,886	11,984	506,692
Accumulated depreciation	(16,616)	(121,511)	(29,002)	(61,645)	(111,445)	-	(340,219)
Balance as at 31 December 2023	**28,695**	**42,536**	**7,175**	**11,642**	**64,441**	**11,984**	**166,473**

The item Translation difference refers to the variations in exchange rates for Brazilian companies (Lavsim Higienização Têxtil S.A., Maxlav Lavanderia Especializada S.A., Vida Lavanderias Especializada S.A. and SRI Empreendimentos e Participações Ltda. and Aqualav Serviços De Higienização Ltda) and Turkish ones (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 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.

Notes on the main changes:

Land and buildings

The item Land and Buildings shows an increase of Euro 3,288 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 IFRS 16.

Plant and machinery

Increases under the item Plant and machinery in 2023 amount to Euro 5,586 thousand and mainly regard investments in plants located throughout Italy for Euro 4,782 thousand, in the plants in Brazil for Euro 681 thousand and in the plants in Turkey for Euro 122 thousand.
The item presents reclassifications during the financial year for plants that came into operation during the financial year for Euro 1,854 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 759 thousand in Italy.

Industrial and commercial equipment

The increases recognised under Industrial and commercial equipment in 2023, equal to Euro 5,034 thousand, regard the purchase of equipment to be used by the production sites in the Italy (Euro 4,635 thousand) and Brazil (Euro 399 thousand) areas.

Other assets

The item is broken down as follows:

(thousands of Euros)	as at 31 December 2023	as at 31 December 2022
Linens and mattresses	59,728	62,562
Furniture and fixtures	148	170
Electronic machinery	1,369	1,598
Cars	45	28
Motor vehicles	424	395
Telephone switchboards	12	20
Other	1,017	868
Rights of use for cars and motor vehicles	1,698	1,164
Total	**64,441**	**66,805**

The investments made during the year mainly derive from purchases of linen and mattresses, which are equal to Euro 33,598 thousand, of which Euro 7,078 thousand in Brazil and Euro 26,520 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 2023. During the year, there were increases for Euro 6,170 thousand and completed investments for Euro 2,284 thousand.

(thousands of Euros)	as at 31 December 2023	as at 31 December 2022
Sterilisation centre investments	4,258	1,184
Laundering facility investments	1,581	1,667
Investments on contracts	1,868	1,117
Investments at production sites in Brazil	4,128	4,231
Investments at production sites in Turkey	149	107
Total	**11,984**	**8,306**

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 sterilisation centres made by the Parent Company in 2023 mainly concern works for the requalification of new sterilisation centres.

Investments in Brazil recorded a decrease of Euro 102 thousand during the year and mainly relate to the entry into operation of some plants and machinery in the sterilisation centre located in São Paulo.

The reclassifications of Fixed assets in progress show decreases of Euro 2,284 thousand mainly relating to the Parent Company and attributable to the commissioning of reading portals for wash-hire contracts (Euro 787 thousand) and the entry into operation of new plant 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	7,712	8,368	991	340	17,411
Accumulated amortisation	(6,370)	(5,752)	(812)	-	(12,934)
Balance as at 1 January 2022	**1,342**	**2,616**	**179**	**340**	**4,477**
Translation differences	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)	-
Balance as at 31 December 2022	**1,231**	**2,167**	**100**	**285**	**3,783**
Historical cost	8,358	8,367	500	285	17,510
Accumulated amortisation	(7,127)	(6,200)	(400)	-	(13,727)
Balance as at 31 December 2022	**1,231**	**2,167**	**100**	**285**	**3,783**
Translation differences	(1)	-	4	-	3
High inflation effect in Turkey	2	-	-	-	2
Increases	421	-	-	152	573
Decreases	(26)	-	-	(7)	(33)
Amortisation	(727)	(440)	(104)	-	(1,271)
Impairments (reinstatements)	-	-	-	-	-
Reclassifications	120	-	-	(120)	-
Balance as at 31 December 2023	**1,020**	**1,727**	**-**	**310**	**3,057**
Historical cost	8,828	8,367	525	310	18,030
Accumulated amortisation	(7,808)	(6,640)	(525)	-	(14,973)
Balance as at 31 December 2023	**1,020**	**1,727**	**-**	**310**	**3,057**

The item Trademarks, Software, Patents and Intellectual Property Rights represents software purchases for Euro 421 thousand (of which Euro 290 thousand relating 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 2022	Increases/ (Decreases)	Translation differences	as at 31 December 2023
CGU Italy	51,668	-	-	51,668
CGU Turkey	3,431	-	(1,333)	2,098
CGU Brazil	7,295	-	377	7,672
Total	**62,394**	**-**	**(956)**	**61,438**

The change in the financial year is attributable to exchange differences from the conversion 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 2024-2028 period.
The terminal value is determined by applying a perpetual growth factor of 2.00% (IMF, October 2023) for the Italy CGU, of 3.01% (IMF, October 2023) for the Brazil CGU and 10.70% (EIU, October 2023) 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 CGUs located in Italy is 8.95% (7.86% in the previous financial year), 12.49% for the Brazil CGU (11.91% in the previous financial year) and 24.70% for the Turkey CGU (26.12% 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 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 1.32 percentage points or (ii) a WACC of 9.46 percentage points or (iii) an annual reduction in the reference EBIT of 7.11%, all the while maintaining the other assumptions of the plan unchanged;
- for the Steritek CGU: (i) a growth rate for the terminal values of -18.71 percentage points or (ii) a WACC of 18.37 percentage points or (iii) an annual reduction in the reference EBIT of 59.21%, 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 0.36 percentage points or (ii) a WACC of 10.12 percentage points or (iii) an annual reduction in the reference EBIT of 16.25%, all the while maintaining the other assumptions of the plan unchanged;
- for the Ekolav CGU: (i) a growth rate for the terminal values of -0.53 percentage points or (ii) a WACC of 10.67 percentage points or (iii) an annual reduction in the reference EBIT of 22.88%, 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 0.98 percentage points or (ii) a WACC of 13.82 percentage points or (iii) an annual reduction in the reference EBIT of 14.47%, all the while maintaining 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 18.99 percentage points or (ii) a WACC of 35.75 percentage points or (iii) an annual reduction in the reference EBIT of 45.39%, all the while maintaining the other assumptions of the plan unchanged.

With reference to 31 December 2023 and the previous 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 2023	Increases/ Decreases	Reclassifications	OCI changes	Revaluations / Impairment	Translation differences	31 December 2023
Saniservice Sh.p.k.	615	-	-	-	407	83	1,105
Finanza & Progetti S.p.A.	17,395	-	-	(626)	2,280	-	19,049
Brixia S.r.l.	2,399	-	-	-	(101)	-	2,298
Arezzo Servizi S.c.r.l.	5	-	-	-	-	-	5
PSIS S.r.l.	4,422	-	-	-	469	-	4,891
Steril Piemonte S.c.r.l.	1,986	-	(1,500)	-	51	-	537
AMG S.r.l.	2,372	-	-	-	244	-	2,616
Iniziative Produttive Piemontesi S.r.l.	1,229	-	-	-	106	-	1,335
Piemonte Servizi Sanitari S.c.r.l.	3	-	-	-	-	-	3
Servizi Sanitari Integrati Marocco S.a.r.l.	226	-	-	-	(103)	6	129
SAS Sterilizasyon Servisleri A.Ş.	763	306	-	-	(15)	(414)	640
Shubhram Hospital Solutions Private Limited	(3,393)	-	-	-	(1,365)	177	(4,581)
Sanitary cleaning Sh.p.k.	1,652	(1,502)	-	-	-	(150)	-
Tecnoconsulting S.r.l.	-	440	-	-	(25)	-	415
Total	**29,674**	**(756)**	**(1,500)**	**(626)**	**1,948**	**(298)**	**28,442**
of which recognised among provisions for risk and charges	(3,393)	-	-	-	(1,365)	177	(4,581)
of which recognised among equity-accounted investments	33,067	(756)	(1,500)	(626)	3,313	(475)	33,023

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

The item Increases/(Decreases) includes the acquisition of the shares in the company Tecnoconsulting S.r.l. for Euro 440 thousand, for which reference is made to the report in the paragraph *"Significant events and transactions"*, the share capital increase for Euro 306 thousand in favour of company SAS Sterilizasyon Servisleri A.Ş, and the decrease of Euro 1,502 thousand related to the disposal of the equity investment in the company Sanitary Cleaning Sh.p.k.a. in September 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 Article 2482 of the Italian Civil Code.

The item OCI changes, equal to negative Euro 626 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 S.p.A. for Euro 2,280 thousand and of Saniservice Sh.p.k. for Euro 407 thousand and the write-down of Euro 1,365 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.
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	Shareholders' equity	Non-current assets	Current assets	Non-current liabilities	Current liabilities	Revenues	Costs	Profit/(Loss)
SAS Sterilizasyon Servisleri A.Ş.	TRY	40,995	57,370	39,917	-	56,292	137,133	(138,078)	(945)
Saniservice Sh.p.k.	LEK	382,192	1,008,063	455,690	-	1,081,561	1,593,694	(1,446,246)	147,448
Shubhram Hospital Solutions Private Limited	INR	(825,597)	711,801	157,975	436,008	1,259,365	363,576	(602,609)	(239,033)
Finanza & Progetti S.p.A.	EUR	39,946	163,669	36,109	1,527	158,305	67,217	(60,538)	6,679
Arezzo Servizi S.c.r.l.	EUR	10	465	1,379	186	1,648	2,282	(2,282)	-
PSIS S.r.l.	EUR	9,783	9,011	5,041	1,780	2,489	8,630	(7,692)	938
Steril Piemonte S.c.r.l.	EUR	3,274	1,025	2,297	-	48	750	(649)	101
AMG S.r.l.	EUR	3,140	1,861	2,983	710	994	5,308	(4,820)	488
Iniziative Produttive Piemontesi S.r.l.	EUR	2,297	578	7,092	489	4,884	6,452	(6,169)	283
Brixia S.r.l.	EUR	89	-	5,745	-	5,656	22,326	(22,311)	15
Servizi Sanitari Integrati Marocco S.a.r.l.	MAD	3,960	500	3,535	-	75	3	(29)	(26)
Piemonte Servizi Sanitari S.c.r.l.	EUR	10	402	3,742	158	3,976	1,658	(1,658)	-
Tecnoconsulting S.r.l.	EUR	95	69	416	56	334	764	(750)	14

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 only the jointly-controlled companies as at 31 December 2023 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	4,750	38,054	-	8,464	136	-	(315)
Shubhram Hospital Solutions Private Limited	INR	13,427	1,133,905	436,008	150,493	1,378	80,452	23,165
Saniservice Sh.p.k.	LEK	149,591	531,297	-	412,770	127	39,706	34,549
Servizi Sanitari Integrati Marocco S.a.r.l.	MAD	2,850	-	-	-	2	-	12
Finanza & Progetti S.p.A.	EUR	18,677	64,843	-	-	462	3,519	2,817
Arezzo Servizi S.c.r.l.	EUR	1	62	-	202	-	37	6

PSIS S.r.l.	EUR	1,901	-	-	701	10	3	264
Tecnoconsulting S.r.l.	EUR	31	87	332	12	-	1	30
Steril Piemonte S.c.r.l.	EUR	128	-	-	588	-	-	31
AMG S.r.l.	EUR	458	-	-	478	1	1	124

6.5 *Equity investments in other companies*

The item changed as follows in 2023:

(thousands of Euros)	31-Dec-2022	Increases	Impairments/ Decreases	31-Dec-2023
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.	9	-	-	9
CNS – Consorzio Nazionale Servizi Soc. Coop. a r.l	63	-	-	63
Skopster Doo Skopje	176	-	(175)	1
Other	74	-	-	74
Total	**3,113**	**-**	**(175)**	**2,938**

The decreases recorded refer to the reclassification under short-term financial receivables of the fair value of the shares of the company Skopster Doo Skopje sold 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 2023:

(thousands of Euros)	Registered office	Assets	Liabilities	Revenues	Profit/ (Loss)	Interest of equity investment
Asolo Hospital Service S.p.A.	Asolo (Treviso)	90,898	76,914	40,117	4,119	1.00%
Prosa S.p.A.	Carpi (Modena)	7,382	1,752	1,621	753	13.20%
Progeni S.p.A.	Milan	215,719	204,805	51,074	655	0.76%
Sesamo S.p.A.	Carpi (Modena)	33,317	26,150	19,702	1,333	12.17%
Prog.este. S.p.A.	Carpi (Modena)	209,609	199,212	53,576	600	10.14%

6.6 *Non-current financial receivables*

The item in question changed as follows in 2023:

(thousands of Euros)	as at 31 December 2023	as at 31 December 2022
Piemonte Servizi Sanitari S.c.r.l.	158	158
Prog.Este S.p.A.	531	531
Summano Sanità S.p.A.	-	2
Arena Sanità S.p.A.	244	244
Syncron S.p.A.	169	169
Shubhram Hospital Solutions Private Limited	2,315	1779
Finanza e Progetti S.p.A.	2,620	2,620
Total	**6,037**	**5,503**

Financial receivables refer to the interest-bearing loans granted to the companies Prog.Este. S.p.A. (rate equal to 7.46%), Arena Sanità S.p.A. (rate 3.7% plus 6-month Euribor), 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.

6.7 Deferred tax assets

This item changed as follows:

(thousands of Euros)	Share capital increase costs	Lease contracts	Property, plant and equipment	Employee benefits	Previous tax losses/"ACE" carried forward	Other costs with deferred deductibility	Total
Deferred tax assets as at 1 January 2022	**8**	**409**	**568**	**152**	**6,464**	**748**	**8,349**
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)
Deferred tax assets as at 31 December 2022	**3**	**496**	**554**	**-**	**8,830**	**1,426**	**11,309**
Changes recognised in the income statement	(3)	66	(78)	-	180	1,134	1,299
Changes recognised in other comprehensive income	-	4	-	-	(159)	15	(140)
Deferred tax assets as at 31 December 2023	**-**	**566**	**476**	**-**	**8,850**	**2,575**	**12,467**

Deferred tax assets referring to property, plant and equipment represent the deferred taxation related to the ordinary process of depreciation of the linen. The change in prepaid tax assets on tax losses decreased compared to 2022 mainly in relation to previous tax losses allocated during the previous financial year by the Parent Company and by 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 2024-2028 period and already used for impairment testing purposes.

6.8 Other non-current assets

The item is broken down as follows:

(thousands of Euros)	as at 31 December 2023	as at 31 December 2022
Substitute tax Italian Decree Law 185/2008 subsequent years	507	1,219
Aqualav receivable in escrow account	1,496	1,422
Other non-current assets	528	313
Total	**2,531**	**2,954**

The decrease in the item regards releases to the income statement for goodwill released pursuant to Article 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 disposables, washing products, chemical products, packaging, spare parts and consumables. As at 31 December 2023, the inventory write-down provision amounted to Euro 31 thousand.

6.10 Trade receivables

The item is broken down as follows:

(thousands of Euros)	as at 31 December 2023	as at 31 December 2022
Due from third parties	67,585	60,051
Due from associates and jointly-controlled companies	6,487	6,624
Due from parent company	246	114
Due from companies under the control of the parent companies	823	730
Total	**75,141**	**67,519**

Trade receivables due from third parties

The item is broken down as follows:

(thousands of Euros)	as at 31 December 2023	as at 31 December 2022
Due from customers	73,429	65,571
Bad debt provision	(5,844)	(5,519)
Total	**67,585**	**60,052**

During the financial year, the Servizi Italia Group carried out some transactions involving the disposal of the trade receivables described below:

- trade receivables were assigned without recourse to Credem Factor S.p.A. for a total of Euro 21,546 thousand, in exchange for a consideration equal to Euro 21,263 thousand;
- trade receivables were assigned without recourse to Unicredit Factoring S.p.A. for a total of Euro 29,502 thousand, in exchange for a consideration equal to Euro 29,216 thousand;
- trade receivables were assigned without recourse to Ifitalia S.p.A. for a total of Euro 12,219 thousand, in exchange for a consideration equal to Euro 12,125 thousand;
- trade receivables were assigned without recourse to BPER Factor S.p.A. for a total of Euro 23,982 thousand, in exchange for a consideration equal to Euro 23,762 thousand;
- trade receivables were assigned without recourse to Banca IFIS for a total of Euro 456 thousand, in exchange for a consideration equal to Euro 447 thousand.

The bad debt provision changed as follows in 2022 and 2023:

(thousands of Euros)	
Balance as at 1 January 2022	**5,866**
Utilisations	(641)
Adjustments	(25)
Provisions	319
Balance as at 31 December 2022	**5,519**
Utilisations	(295)
Adjustments	7
Provisions	613
Balance as at 31 December 2023	**5,844**

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

The balance as at 31 December 2023 of trade receivables due from associates and jointly-controlled companies, equal to Euro 6,487 thousand, consists of trade receivables mainly from the companies Ospedal Grando S.p.A. for Euro 3,492 thousand and Saniservice Sh.p.k. for Euro 736 thousand. Furthermore, there is a credit balance due from the parent company Coopservice Soc.Coop. p.A. for Euro 246 thousand and a balance of Euro 823 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 2023	as at 31 December 2022
Tax receivables	2,018	2,086
Total	**2,018**	**2,086**

This item mainly includes the amount exceeding the receivables for advances on the current taxes of 2023, net of related tax payables.

6.12 Current financial receivables

The item in question changed as follows in 2023:

(thousands of Euros)	as at 31 December 2023	as at 31 December 2022
Asolo Hospital Service S.p.A.	-	264
P.S.I.S. S.r.l.	-	5
Arezzo Servizi S.c.r.l.	497	484
Iniziative Produttive Piemontesi S.r.l.	55	53
Gesteam S.r.l.	337	326
Skopster DOO Skopje	175	112
Saniservice Sh.p.k.	3,447	3,918
Finanza e Progetti S.p.A.	470	234
Shubhram Hospital Solutions Private Limited	628	107
Steril Piemonte S.r.l.	1,100	-
Ankor	672	1,099
Other	775	478
Total	**8,156**	**7,080**

Financial receivables are for 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 2023	as at 31 December 2022
Due from others	9,885	10,954
Deferred income	1,624	1,569
Guarantee deposits receivable	244	203
Accrued income	-	6
Total	**11,753**	**12,732**

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 1,537 thousand, the VAT receivable for Euro 4,654 thousand (Euro 4,729 thousand as at 31 December 2022) 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:

(thousands of Euros)	as at 31 December 2023	as at 31 December 2022
Bank and postal deposits	4,672	18,141
Cheques	-	-
Cash in hand	59	24
Total	**4,731**	**18,165**

Cash and cash equivalents increased from Euro 18,165 thousand as at 31 December 2022 to Euro 4,731 thousand as at 31 December 2023, recording a decrease of Euro 13,434 thousand. The decrease 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.

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 2023, the Parent Company purchased 130,401 treasury shares for Euro 169 thousand, equal to 0.53% of the share capital, with an average purchase price of Euro 1.30 per share. Following these transactions, as at 31 December 2023, the Parent Company held 2,507,752 treasury shares equal to 7.88% of the share capital. Their nominal amount of Euro 6,177 thousand as at 31 December 2023 was classified as a reduction in the share capital for their nominal value, equal to Euro 2,508 thousand, and the value exceeding the nominal amount, totalling Euro 3,669 thousand, was recognised as a reduction in the share premium reserve.
There was also a negative effect, referred to the financial year, for Euro 1,010 thousand, on the Group's translation reserves for the assets of subsidiaries and 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 1,827 thousand) and the devaluation of the Turkish Lira (for Euro 2,540 thousand) and the translation negative change relating to foreign companies valued according to the equity method (for Euro 297 thousand).
Other reserves increased due to the allocation of the 2022 profit of the Company as per the resolution of the shareholders' meeting held on 20 April 2023. The effect related to high inflation in Turkey following the adoption of IAS 29 was also recorded for Euro 2,613 thousand (Euro 1,437 thousand for the Group).
Following the identification of a differential between the market capitalisation and the shareholders' equity of the Group as at 31 December 2023, taking note of the same as an impairment indicator, the

management considered it reasonable to carry out, as recommended by the valuation best 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 2023			as at 31 December 2022		
	Current	Non-current	Total	Current	Non-current	Total
Due to banks	59,209	38,867	**98,076**	78,354	35,262	**113,616**
Due to other lenders	3,993	27,518	**31,511**	3,406	27,222	**30,628**
Total	**63,202**	**66,385**	**129,587**	**81,760**	**62,484**	**144,244**

Due to banks

The portion of the payable falling due within 12 months relating to the item Due to banks as at 31 December 2023 presents a decrease with respect to 31 December 2022 of Euro 19,145 thousand. This decrease was primarily caused by lower recourse to self-liquidating credit lines and to the payment 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 2023 increased with respect to 31 December 2022 by Euro 3,605 thousand. This increase is related to the reclassification to short-term of the mortgage instalments due within the subsequent 12 months and the opening of new unsecured mortgages with Credit Agricòle S.p.A. for Euro 10,000 thousand (residual borrowing due after 12 months equal to Euro 5,333 thousand), Cassa Di Risparmio di Bolzano S.p.A. for Euro 8,000 thousand (residual borrowing due after 12 months equal to Euro 8,000 thousand) and Banco Popolare dell'Emilia Romagna S.p.A. for Euro 10,000 thousand (residual borrowing due after 12 months equal to Euro 6,842 thousand), aimed at maintaining a proper balance between short and medium-term borrowing.

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
Cassa di Risparmio di Bolzano	<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 2023, all covenants had been met.
Due to banks are shown below by maturity:

(thousands of Euros)	as at 31 December 2023	as at 31 December 2022
Maturity less than or equal to 6 months	48,469	64,093
Maturity between 6 and 12 months	10,740	14,261
Maturity between 1 and 5 years	38,367	32,449
More than 5 years	500	2,813
Total	**98,076**	**113,616**

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

(thousands of Euros)	as at 31 December 2023	as at 31 December 2022
1 to 2 years	15,862	16,640
Maturity between 2 and 5 years	22,505	15,809
More than 5 years	500	2,813
Total	**38,867**	**35,262**

The average effective interest rates as at 31 December 2023 were as follows:

	as at 31 December 2023	as at 31 December 2022
Advances on invoices	4.27%	0.95%
Bank loan	4.84%	3.24%

Due to other lenders

Payables due to other lenders as at 31 December 2023, for the current portion, mainly include the effects of the adoption of IFRS 16 for Euro 3,852 thousand.
The non-current portion of the balance as at 31 December 2023 is attributable to the application of IFRS 16 for Euro 27,518 thousand.
Due to other lenders are broken down by maturity below:

(thousands of Euros)	as at 31 December 2023	as at 31 December 2022
Maturity less than or equal to 6 months	2,598	2,218
Maturity between 6 and 12 months	1,395	1,188
Maturity between 1 and 5 years	13,701	12,063
More than 5 years	13,816	15,159
Total	**31,511**	**30,628**

The increase compared to the prior year is mainly due to financial liabilities from application of IFRS 16.
Non-current amounts due to other lenders are broken down by maturity as follows:

(thousands of Euros)	as at 31 December 2023	as at 31 December 2022
1 to 2 years	3,658	3,252
Maturity between 2 and 5 years	10,044	8,811
More than 5 years	13,817	15,159
Total	**27,518**	**27,222**

The following table shows the breakdown of the amounts due to other lenders by type of rate:

(thousands of Euros)	as at 31 December 2023	as at 31 December 2022
Floating rate	-	-
Fixed rate	141	45
Incremental Borrowing Rate	31,370	30,582
Total	**31,511**	**30,628**

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
Deferred tax liabilities as at 1 January 2022	**402**	**11**	**1,683**	**11**	**-**	**2,107**
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)
Deferred tax liabilities as at 31 December 2022	**349**	**3**	**1,721**	**-**	**797**	**2,870**
Changes recognised in the income statement	(26)	-	31	-	96	101
Changes recognised in equity	-	-	-	-	5	5
Changes recognised in other comprehensive income	(43)	-	-	-	-	(43)
Deferred tax liabilities as at 31 December 2023	**280**	**3**	**1,752**	**-**	**898**	**2,933**

6.18 Employee benefits

This item changed as follows:

(thousands of Euros)	2023	2022
Initial balance as at 1 January	**8,055**	**9,057**
Translation differences	(57)	(31)
Provision	392	593
Financial expenses	211	31
Actuarial (gains)/losses	(1)	(500)
Transfers (to)/from other provisions	-	-
(Payments)	(848)	(1,095)
(Reclassifications)	(363)	-
Final balance as at 31 December	**7,389**	**8,055**

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:

	2023	2022
Technical annual discounting back rate	3.08%	3.63%
Annual inflation rate	2.00%	5.9% for 2023, 2.3% for 2024, 2.0% from 2025
Annual growth rate of the employee severance indemnity	3.00%	5.9% for 2023, 3.2% for 2024, 3.0% from 2025

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 7 years. For the choice of the annual inflation rate, reference was made to the Update Note to the 2023 DEF (NADEF 2023) published on 27 September 2023, which shows the value of the consumption deflator for the years 2023, 2024 and 2025 equal respectively to 5.6%, 2.4% and 2.0%. On the basis of what has been indicated above and of the current inflationary trend, use a constant inflation rate of 2.0% for 2024 and subsequent years.

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	(156)	+164	+93	(90)	(9)	+9

6.19 Provisions for risks and charges

The item is broken down as follows:

(thousands of Euros)	as at 31 December 2023	as at 31 December 2022
Opening balance	8,483	6,360

Provisions	1,872	3,554
Payments/resolutions	(993)	(1,439)
Translation differences	(85)	8
Closing balance	**9,277**	**8,483**
Of which current	*1,783*	*2,097*
Of which non-current	*7,494*	*6,386*

The provision for risks went from Euro 8,483 thousand as at 31 December 2022 to Euro 9,277 thousand as at 31 December 2023.

The item 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.

The item Payments/resolutions refers in part to the releases linked to allocations relating to onerous contracts for Euro 240 thousand and in part to the use of Euro 320 thousand deriving from the Parent Company's defeat in the Court of Appeal, which determined the recognition of the indemnity to the requesting party. However, it should be noted that the Parent Company decided to appeal against the Court of Appeal ruling. The remaining part of the uses for the year is mainly attributable to the use of the provision allocated for the restructuring project with regard to the Ariccia plant, of Euro 156 thousand and uses in relation to work causes in the Brazil area for Euro 189 thousand. The item Provisions includes the amount of Euro 1,365 thousand relating to the losses for the period of the company Shubhram Hospital Solutions Private Limited and Euro 224 thousand related to the estimates pertaining to the medical devices payback measure. The allocation made and the provision already allocated as at 31 December 2022 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 2015-2018 period and also considering the 2019-2023 timescale; however, the provision allocated as at 31 December 2023, correlated to the medical devices payback measure amounts to Euro 2,564 thousand. The Company has launched an appeal with regard to the Payback requests relief put forward to date by the Regions, in the appropriate courts.

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 Parent 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

The item is broken down as follows:

(thousands of Euros)	as at 31 December 2023	as at 31 December 2022
Payable for Steritek S.p.A. put option	465	456
Payable for Wash Service S.r.l. put option	-	395
Total	**465**	**851**

The change in non-current financial liabilities is mainly related to the short-term classification of the payable to the shareholder of the company Wash Service S.r.l. for the Put option right held by it. It should be noted that the item includes the payable connected to 5% of the share capital of the company Steritek S.p.A. underlying the exercise of the call option right 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:

(thousands of Euros)	as at 31 December 2023	as at 31 December 2022
Due to suppliers	79,631	77,936
Due to associates and jointly-controlled companies	3,298	1,974
Due to parent company	4,660	5,167
Due to companies under the control of the parent companies	42	-
Total	**87,631**	**85,077**

Due to suppliers

The balance as at 31 December 2023 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 2023.

Due to associates and jointly-controlled companies

The balance as at 31 December 2023 is composed mainly of trade payables due to the companies AMG S.r.l. for Euro 557 thousand, Arezzo Servizi S.c.r.l. for Euro 604 thousand, Piemonte Servizi Sanitari S.c.r.l. for Euro 880 thousand and Iniziative Produttive Piemontesi S.r.l. for Euro 793 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:

(thousands of Euros)	as at 31 December 2023	as at 31 December 2022
Tax receivables	(607)	(386)
Tax payables	1,233	412
Total	**626**	**26**

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:

(thousands of Euros)	as at 31 December 2023	as at 31 December 2022
Deferred price Aqualav Serviços De Higienização Ltda	14	13
Payables to Wash Service S.r.l. shareholders	402	-
Total	**416**	**13**

The change in the item is linked in particular to the short-term classification of the payable to the shareholder of the company Wash Service S.r.l. for the Put option right held by it in relation to 10% of the company's shares. This right is expected to be exercised by the end of the first half year of 2024.

6.24 Other current payables

The table below provides a breakdown of other current liabilities:

(thousands of Euros)	as at 31 December 2023	as at 31 December 2022
Deferred income and accrued expenses	1,372	714
Payables due to social security and welfare institutions	6,072	4,630
Other payables	14,696	14,601
Total	**22,140**	**19,945**

Payables due to social security and welfare institutions

Payables 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 2023	as at 31 December 2022
Due to employees	10,688	10,916
Employee/professional IRPEF (personal income tax) payable	2,142	2,791
Other payables	1,866	894
Total	**14,696**	**14,601**

6.25 Net financial debt

The Group's net financial debt as at 31 December 2022 and as at 31 December 2023 is shown below:

(thousands of Euros)	as at 31 December 2023	as at 31 December 2022
Cash and cash equivalents in hand	59	24
Cash at bank	4,672	18,141
Cash and cash equivalents	**4,731**	**18,165**
Current financial receivables	8,156	7,080
Current due to banks and other lenders	(63,202)	(81,760)
of which Financial liabilities under IFRS 16	*(3,852)*	*(3,360)*
Current net financial debt	**(55,046)**	**(74,680)**
Non-current due to banks and other lenders	(66,385)	(62,484)
of which Financial liabilities under IFRS 16	*(27,518)*	*(27,222)*
Non-current net financial debt	**(66,385)**	**(62,484)**
Net financial debt	**(116,700)**	**(118,999)**

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 as at 31 December 2023 compared to 31 December 2022 includes investments in materials, primarily textile linen products to be fed into the production process, for approximately Euro 52.1 million, equity investments and financial contributions in associates and jointly-controlled companies for a total of Euro 1.6 million and collections deriving from the disposal of

equity investments, return of capital and dividends for a total of Euro 1.0 million. The consolidated net financial position therefore passes from Euro 118,999 thousand as at 31 December 2022 to Euro 116,700 thousand as at 31 December 2023 with a positive change of Euro 2,299 thousand.
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 2023	*of which related parties*	31 December 2022	*of which with related parties*
A. Cash and cash equivalents	4,731	-	18,165	-
B. Cash and cash equivalents	-	-	-	-
C. Other current financial assets	8,156	*6,943*	7,080	*5,801*
D. Cash and cash equivalents (A)+(B)+(C)	**12,887**		**25,245**	
E. Current financial debt (including debt instruments, but excluding the current portion of non-current financial debt)	(37,169)	-	(53,363)	-
F. Current portion of non-current borrowings	(26,449)	-	(28,410)	-
of which Financial liabilities under IFRS 16	*(3,852)*	*(2,340)*	*(3,360)*	*(1,838)*
G. Current financial debt (E) + (F)	**(63,618)**		**(81,773)**	
H. Current net financial debt (G) - (D)	**(50,731)**		**(56,528)**	
I. Non-current financial debt (excluding the current portion and debt instruments)	(66,385)	-	(62,484)	-
of which Financial liabilities under IFRS 16	*(27,518)*	*(19,484)*	*(27,222)*	*(19,654)*
J. Debt instruments	-	-	-	-
K. Trade and other non-current payables	(465)	-	(851)	-
L. Non-current financial debt (I) + (J) + (K)	**(66,850)**		**(63,335)**	
M. Net financial debt (H) + (L)	**(117,581)**		**(119,863)**	

6.26 Financial guarantee contracts

The table below provides the details of the guarantees given by the Group as at 31 December 2023 and 31 December 2022:

(thousands of Euros)	as at 31 December 2023	as at 31 December 2022
Guarantees issued by banks and insurance companies for tenders	78,273	73,726
Guarantees issued by banks and insurance companies for lease agreements and utilities	173	184
Guarantees issued by banks and insurance companies in favour of third parties	79,253	65,108
Owned assets held by third parties	159	154
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	1,212
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	9	89
Pledge on Summano Sanità shares given as loan guarantee	10	10
Total	**159,812**	**141,206**

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.

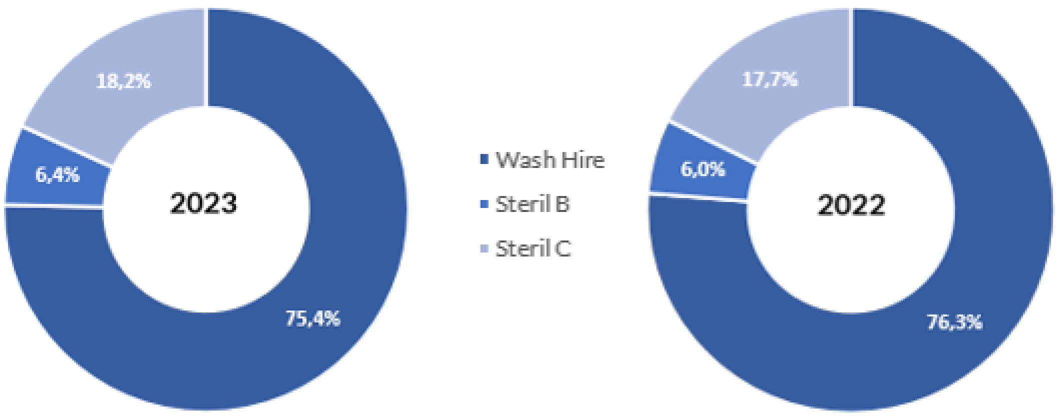
- Guarantees issued by banks and insurance companies for lease agreements and utilities: these were issued on behalf of the company to guarantee the payment of lease instalments and invoices for the supply of electricity and gas.
- Guarantees issued by banks and insurance companies in favour of third 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. 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	
	2023	**2022**
Wash-hire	216,949	206,223
Steril B (Linen Sterilisation)	18,443	16,161
Steril C (Surgical Instruments Sterilisation)	52,523	47,929
Sales revenues	**287,915**	**270,313**



Revenues and services by geographical area are broken down as follows:

(thousands of Euros)	Year ended as at 31 December	
	2023	**2022**
Italy	248,585	233,490
Brazil	32,300	29,968
Turkey	7,030	6,855
Sales revenues	**287,915**	**270,313**

Revenues from **wash-hire services** (which in absolute terms represent 75.4% of the Group's revenues) rose from Euro 206,223 thousand in 2022 to Euro 216,949 thousand in 2023, recording an increase of 5.2% (or 7.3% at constant exchange rates), supported by the improvement in all geographical areas. The robust growth in the Italy area (+4.9%) is mainly attributable to the inflationary adjustments accrued and subscribed in 2022 and subsequently in 2023. The Brazil area shows a growth of 7.8%, which dropped to 7.0% at constant exchange rates, following the appreciation of the Brazilian Real against the Euro. Lastly, the Turkey area was characterised by growth of 2.6%, as the combined result of significant growth in local currency, equal to 67.7% following the price adjustment recorded in the current year, and of a negative exchange rates effect of 65.2%, following the depreciation of the Turkish Lira against the Euro.

Revenues from **linen sterilisation services** (Steril B) (which in absolute terms represent 6.4% of the Group's revenues) went from Euro 16,161 thousand in 2022 to Euro 18,443 thousand in 2023. The increase of 14.1%, equal to Euro 2,282 thousand, is attributable to the presence, in the figure as at 31 December 2022, of the allocation related to requests for coverage of the payback on medical devices.

Net of the effects deriving from the allocations of the settlements required by the payback measure, the line recorded growth of 0.9% in 2023.
Revenues from **surgical instrument sterilisation services** (Steril C) (which in absolute terms represent 18.2% of the Group's revenues) rose from Euro 47,929 thousand in 2022 to Euro 52,523 thousand in 2023, with an increase of 9.6% equal to Euro 4,594 thousand mainly linked to higher operating activities recorded in the period in the Italy area as well as to the inflation adjustments accrued and subscribed in the course of 2022 and 2023.

7.2 *Other income*

The item is broken down as follows:

(thousands of Euros)	Year ended as at 31 December	
	2023	2022
Rental income	625	550
Capital gains from asset sale	574	1,558
Recovered costs pertaining to third parties	602	441
ATI income	1,666	1,662
Contingent assets	298	207
Recovered costs and sundry income	1,672	2,463
Operating grants	2,049	2,719
Total	**7,486**	**9,600**

Other income went from Euro 9,600 thousand as at 31 December 2022 to Euro 7,486 thousand as at 31 December 2023. The balance is mainly affected by the decrease in the item Operating grants recognised due to the interruption of the electricity and gas tax credit by the Parent Company and the Italian subsidiaries starting from the third quarter of 2023.
It should also be noted that the item Capital gains on disposal of assets recorded a decrease compared to the previous year, as in 2022 capital gains were realised following the disposal of assets relating to certain discontinued contracts.
Pursuant to Article 1, paragraphs 125 to 129, of Italian 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 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 27,906 thousand, is down compared to the previous financial year (Euro 29,235 thousand in 2022). The decrease is mainly linked to lower costs incurred for the purchase of disposable products, PPE and packaging, 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 identified in 2022. Consumption also refers to the purchase of chemical products.

7.4 *Costs for services*

The item is broken down as follows:

(thousands of Euros)	Year ended as at 31 December	
	2023	**2022**
External laundering and other industrial services	33,800	34,165
Travel and transport	16,843	16,034
Utilities	21,027	24,684
Administrative costs	4,149	2,643
Consortium and sales costs	6,144	5,995
Personnel expense	3,408	3,026
Maintenance	9,143	8,835
Use of third-party assets	3,130	2,661
Other services	1,728	1,122
Total	**99,372**	**99,165**

The item Costs for services recorded an increase of 0.2% compared to the previous financial year, equal to Euro 207 thousand, from Euro 99,165 thousand in 2022 to Euro 99,372 thousand in 2023. However, of note is the significant decrease in terms of incidence on revenues, which went from 36.7% in 2022 to 34.5% in 2023, mainly attributable to lower costs for utilities, which, positively affected by the improvement in tariffs observed from the third quarter of 2023, show a decrease of Euro 3,657 thousand, or a decrease of 1.8% in terms of relative incidence.

Travel and transport costs went from Euro 16,034 thousand as at 31 December 2022 to Euro 16,843 thousand as at 31 December 2023, showing an increase of Euro 809 thousand, mainly generated by the Brazil area, due to the continued higher rates charged by suppliers and by the Parent Company, due to higher hotel sector 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 1,506 thousand compared to the previous year, going from Euro 2,643 thousand in 2022 to Euro 4,149 thousand in 2023, due to higher costs attributable to consultancies for extraordinary transactions by the Parent Company, as well as greater legal and administrative consultancy compared to the comparison period.

Please note that costs for the use of third-party assets recognised as at 31 December 2023 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	
	2023	**2022**
Costs for directors' fees	1,188	1,255
Salaries and wages	63,563	60,758
Temporary work	4,801	3,628
Social security charges	20,851	20,004
Employee severance indemnity	3,895	3,962
Other costs	282	254
Total	**94,580**	**89,861**

The item Personnel expense went from Euro 89,861 thousand as at 31 December 2022 to Euro 94,580 thousand as at 31 December 2023, thus recording an increase of Euro 4,719 thousand.

The increase in the item is mainly attributable to the Parent Company, as a result of the increase in volumes handled and salary increases related to the entry into force of the new national collective agreement, and to the Turkey and Brazil areas, due to the inflation adjustments applied. Although it is up in absolute terms, it should also be noted that this item shows a decrease in terms of relative incidence of 0.4% compared to the 2022 financial year.

The table below shows the average composition of workforce:

	Average number of employees	
	2023	**2022**
Executives	17	18
Middle managers	37	36
White-collar staff	371	300
Blue-collar staff	3,112	3,343
Total	**3,537**	**3,697**

7.6 Other costs

The item is broken down as follows:

(thousands of Euros)	Year ended as at 31 December	
	2023	**2022**
Tax-related expense	216	188
Contingent liabilities/(assets)	(15)	(29)
Membership fees	174	164
Gifts to customers and employees	130	133
Other	1,638	1,509
Total	**2,143**	**1,965**

The item Other costs increased by Euro 178 thousand compared to the previous financial year, mainly as a result of indemnities recognised in the Brazil area 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	
	2023	**2022**
Amortisation of intangible assets	1,271	1,281
Depreciation of property, plant and equipment	54,415	55,619
Impairment and provisions	714	(141)
Total	**56,400**	**56,759**

The item Amortisation, depreciation and impairment recorded a decrease compared to the previous financial year of Euro 359 thousand, from Euro 56,759 thousand as at 31 December 2022 to Euro 56,400 thousand as at 31 December 2023. It should be noted that the effect is mainly attributable to the decrease in depreciation of property, plant and equipment for Euro 1,204 thousand. The item Impairment and provisions includes the provision for the year relating to risks on receivables and default interest as well as the release of default interest collected during the year.

7.8 Financial income

The item is broken down as follows:

(thousands of Euros)	Year ended as at 31 December	
	2023	2022
Bank interest income	19	59
Default interest	226	75
Interest income on loans to third-party companies	811	677
High inflation effect in Turkey	-	697
Other financial income	328	721
Total	**1,384**	**2,229**

Financial income decreased from Euro 2,229 thousand as at 31 December 2022 to Euro 1,384 thousand as at 31 December 2023, a decrease of Euro 845 thousand mainly due to the effect on monetary items pursuant to the application of IAS 29 - Hyperinflation and the revaluation of the fair value of the liability for the put/pull option to shareholders of Steritek S.p.A., both recognised in 2022.
Default interest accrues as a result of the delays in payment by some private customers. The increase in default interest compared to 2022 is mainly due to a slight slowing down 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	
	2023	2022
Interest expense and bank commission	5,460	2,514
Interest expense for leases	1,882	1,875
Interest and expense to other lenders	961	365
High inflation effect	876	-
Financial expense on employee benefits	211	31
Net exchange rate losses	1,421	370
Other financial expenses	1,829	645
Total	**12,640**	**5,800**

The item Financial expenses recorded an increase compared to the same period of the previous year of Euro 6,840 thousand, from Euro 5,800 thousand as at 31 December 2022 to Euro 12,640 thousand as at 31 December 2023. The change is primarily attributable to the significant increase in interbank interest rates in all the areas in which the group operates associated with outstanding liabilities with banks as well as exchange rates losses generated, associated with the depreciation of the Turkish lira and of the rupee against the Euro. Note the effect of the adjustments of 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 876 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.

7.10 Income and expense from equity investments

The item includes Euro 419 thousand for dividends collected from other companies in 2023.

7.11 Income taxes

The item is broken down as follows:

(thousands of Euros)	Year ended as at 31 December	
	2023	**2022**
Current taxes	1,977	1,300
Deferred tax assets/(liabilities)	(1,198)	(2,824)
Total	**779**	**(1,524)**

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	
	2023	**2022**
IRES (company earnings tax) reconciliation		
Profit before tax from Income statement	6,111	1,904
Theoretical taxes (24%)	**1,467**	**457**
Tax effects of the permanent differences:		
on increases	2,808	2,183
on decreases	(4,408)	(5,170)
substitute taxes	746	749
differential on foreign taxes	214	(36)
Total effective IRES taxes	**826**	**(1,817)**
IRAP (regional business tax)	770	204
Total effective taxes	**1,596**	**(1,613)**

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	
	2023	**2022**
Profit/loss attributable to shareholders of the parent company	5,463	3,833
Average number of shares	29,369	29,556
Basic earnings per share	**0.19**	**0.13**

(thousands of Euros)	Year ended as at 31 December	
	2023	**2022**
Profit (loss) for the year attributable to the Group:	5,463	3,833
Average number of shares outstanding	29,369	29,556
Number of shares with dilutive effect	-	-
Average number of shares used to calculate diluted EPS	29,369	29,556
Diluted earnings per share	**0.19**	**0.13**

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 agreements were stipulated with related parties during the financial year ended as at 31 December 2023 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 2023:

(thousands of Euros)	31 December 2023							
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)	9	156	13,159	-	-	2	-	-
Aurum S.p.A. (parent company)	-	-	-	-	-	-	-	-
Arezzo Servizi S.c.r.l. (joint control)	-	12	1,019	-	-	-	17	-
Psis S.r.l. (joint control)	244	111	1	-	10	59	-	-
Amg S.r.l. (joint control)	-	8	462	-	-	-	-	-
Steril Piemonte S.c.r.l. (joint control)	-	-	-	-	-	-	-	-
Piemonte Servizi Sanitari S.c.r.l. (associate)	-	128	497	-	-	-	6	-
Iniziative Produttive Piemontesi S.r.l. (associate)	36	-	672	-	-	-	2	-
SAS Sterilizasyon Servisleri A.Ş. (joint control)	-	-	-	-	-	-	-	-
Shubhram Hospital Solutions Private Limited (joint control)	-	-	-	-	-	-	184	10
Saniservice Sh.p.k. (joint control)	313	120	-	-	-	-	260	-
Servizi Sanitari Integrati Marocco S.a.r.l. (joint control)	-	-	-	-	-	-	-	-
Finanza & Progetti S.p.A. (joint control)	-	18	-	-	-	-	236	-
Brixia S.r.l. (associate)	4,422	-	39	-	-	-	-	-
Tecnoconsulting S.r.l. (associate)	-	-	59	-	271	-	-	-
Focus S.p.A. (affiliated)	-	-	-	-	-	15	-	1,124
Istituto di Vigilanza Coopservice S.c.r.l. (associated company)	-	-	13	-	-	-	-	-
New Fleur S.r.l. (affiliated)	-	195	-	-	-	-	-	-
Ospedal Grando S.p.A. (related party)	10,951	-	192	-	-	-	-	-
Akan & Ankateks JV (associate)	481	-	-	52	-	-	-	-
Akan (related party)	-	-	10	-	-	-	-	-
Nimetsu & Ankateks JV (associate)	-	-	-	-	-	-	-	-
Atala (related party)	-	-	-	-	-	-	-	-
Ankor (related party)	-	-	-	-	-	-	-	-
Ozdortler (related party)	-	-	-	-	-	-	-	-
Oguzalp Ergul (related party)	-	-	-	-	-	-	15	-
Feleknaz Demir (related party)	-	-	-	-	-	-	-	-
Volkan Akan (related party)	-	-	-	-	-	-	-	-
Fevzi Cenk Kiliç (related party)	-	-	-	-	-	-	-	-
Olimpos (related party)	-	-	477	-	-	-	-	-
Total	**16,456**	**748**	**16,600**	**52**	**281**	**76**	**720**	**1,134**

(thousands of Euros)	31 December 2023					
Statement of financial position	**Amount of trade receivables**	**Amount of trade payables**	**Amount of financial receivables**	**Value of rights of use**	**Amount of financial payables**	**Amount of other liabilities**
Coopservice S.Coop.p.A. (parent company)	246	4,659	-	-	-	-
Aurum S.p.A. (parent company)	-	-	-	-	-	-
Arezzo Servizi S.c.r.l. (joint control)	12	604	497	-	-	-
Psis S.r.l. (joint control)	111	18	-	-	-	-
Amg S.r.l. (joint control)	8	557	-	-	-	-
Steril Piemonte S.c.r.l. (joint control)	-	-	1,100	-	-	-
Piemonte Servizi Sanitari S.c.r.l. (associate)	756	880	164	-	-	-
Iniziative Produttive Piemontesi S.r.l. (associate)	24	793	55	-	-	-
SAS Sterilizasyon Servisleri A.Ş. (joint control)	-	-	-	-	-	-
Shubhram Hospital Solutions Private Limited (joint control)	-	-	2,944	-	-	-
Saniservice Sh.p.k. (joint control)	736	-	3,447	-	-	-
Servizi Sanitari Integrati Marocco S.a.r.l. (joint control)	-	-	-	-	-	-
Finanza & Progetti S.p.A. (joint control)	387	-	3,090	-	-	-
Brixia S.r.l. (associate)	969	28	-	-	-	-
Tecnoconsulting S.r.l. (associate)	-	262	-	-	-	-
Focus S.p.A. (affiliated)	-	-	-	19,343	21,546	-
Istituto di Vigilanza Coopservice S.r.l. (associated company)	-	16	-	-	-	-
New Fleur S.r.l. (affiliated)	777	11	-	-	-	-
Ospedal Grando S.p.A. (related party)	3,492	180	-	-	-	-
Akan & Ankateks JV (associate)	461	-	-	-	-	-
Akan (related party)	-	-	-	-	266	-
Nimetsu & Ankateks JV (associate)	-	-	-	-	-	-
Atala (related party)	111	-	-	-	-	-
Ankor (related party)	-	-	672	-	12	-
Ozdortler (related party)	-	-	-	-	-	-
Oguzalp Ergul (related party)	-	-	74	-	-	-
Feleknaz Demir (related party)	-	-	-	-	-	-
Volkan Akan (related party)	91	-	-	-	-	-
Fevzi Cenk Kiliç (related party)	51	-	-	-	-	-
Olimpos (related party)	-	144	-	-	-	-
Total	**8,232**	**8,152**	**12,043**	**19,343**	**21,824**	**-**

Aside from the figures shown above, as at 31 December 2023, transactions with related parties included directors' fees for Euro 1,302 thousand and executive personnel expense for Euro 3,331 thousand. As at 31 December 2022, directors' fees were equal to Euro 1,352 thousand and executive personnel expense to Euro 3,045 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 2023 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 2023, 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 497 thousand loan granted to the associate.

Psis S.r.l.
As at 31 December 2023, revenues from the sale of goods and services to PSIS S.r.l. were mainly related to the charge-back of administrative management services and validation services.

AMG S.r.l.
At the end of 2023, 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 2023, a financial receivable of Euro 1,100 thousand related to the reduction of the share capital by the company is recognised.

Iniziative Produttive Piemontesi S.r.l.
As at 31 December 2023, revenues from the sale of goods and services to Iniziative Produttive Piemontesi S.r.l. were mainly related to validation services. The financial receivable is for a Euro 55 thousand loan granted to the associate.

Shubhram Hospital Solutions Private Limited.
As at 31 December 2023, financial receivables and financial income relate to equity instruments disbursed to the jointly-controlled company for Euro 2,944 thousand.

Saniservice Sh.p.k.
As at 31 December 2023, 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 centres, validation services and business management services. The financial receivable is for a Euro 3.447 thousand loan granted to the associate.

Finanza & Progetti S.p.A.
As of 31 December 2023, the value included in the financial receivables relates to an active loan granted in addition to interests of Euro 3,090 thousand.

Brixia S.r.l.
As at 31 December 2023, 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 2023, 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 sterilisation services 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. Total fees for the properties leased in 2023 amount to Euro 3,083 thousand, and are applied in the Parent Company's financial statements in accordance with the provisions of the IFRS 16.
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.

Tecnoconsulting S.r.l.

As at 31 December 2023, purchases of fixed assets mainly concern technical services relating to designs, works management and safety interventions carried out by Tecnoconsulting in favour of the Group starting from 17 July 2023.

Akan & Ankateks JV
Company 49% owned by Ankateks Turizm İnsaat 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 74 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 2023 authorised the purchase and disposal of treasury shares, as proposed by the Board of Directors. The resolution has authorised the purchase of a maximum of 6,361,890 ordinary shares with a par value of Euro 1.00 each, corresponding to the fifth part of the Company's share capital (taking into account the shares already held by the Company from time to time) for a period of 18 months from the date of the resolution, while the duration of the authorisation relating to the disposal of treasury shares has no time limits.
The treasury shares purchase plan authorised by the Board of Directors, in implementation of the shareholders' meeting resolution of 20 April 2023 - 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 the authorisation by the shareholders' meeting of 20 April 2023, 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 2023 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 9 November 2023, with reference to the press release issued on the same date by the offeror Cometa S.r.l., pursuant to and for the purposes of Article 102 of Italian Legislative Decree no. 58/1998 ("Consolidated Finance Act"), concerning all of the Company's ordinary shares net of the ordinary shares held by the parent company Aurum S.p.A. and the treasury shares held by the Company, Servizi Italia announced the suspension of the buy-back programme resolved by the Shareholders' Meeting on 20 April 2023. The intermediary that coordinated the share purchase program was INTERMONTE SIM

S.p.A. As at 31 December 2023, the total number of treasury shares in the portfolio was no. 2,507,752 shares, corresponding to 7.88% of the share capital.

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

As regards:

- fees of directors, officers with strategic responsibilities and statutory auditors;
- stock options of directors, officers with strategic responsibilities and statutory auditors;
- equity investments of directors, officers with strategic responsibilities and statutory auditors;

please see the Remuneration Report, drawn up pursuant to Article 123-ter of Consolidated Law on Finance for the 2023 financial year.

12 Remuneration plans based on financial instruments

As at 31 December 2023, 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

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

The Chairman of the Board of Directors
(Roberto Olivi)

Certification of the consolidated financial statements pursuant to Article 154-bis of Italian Legislative Decree 58/98

Castellina di Soragna, 14 March 2024
In consideration of the provisions of Article 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 2023.

It is also hereby stated that the consolidated financial statements as at 31 December 2023:

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