rekeep

minds that work

Report on operation

at 31 december 2021

GENERAL INFORMATION

REGISTERED OFFICE

Via U. Poli, 4
Zola Predosa (Bo)

BOARD OF DIRECTORS

Appointed by the Shareholders' Meeting
of 24 April 2020

CHAIRMAN
AND CHIEF EXECUTIVE OFFICER
Giuliano Di Bernardo

VICE CHAIRMAN
Riccardo Bombardini *
Giuseppe Pinna **

DIRECTORS
Laura Duò
Rossella Fornasari ***
Paolo Leonardelli
Gabriele Stanzani
Matteo Tamburini

INDEPENDENT AUDITORS

EY S.p.A.

BOARD OF STATUTORY AUDITORS

Appointed by the Shareholders' Meeting
of 24 April 2020

CHAIRMAN

Germano Camellini

STANDING AUDITORS

Marco Benni

Giacomo Ramenghi

ALTERNATE AUDITORS
Michele Colliva
Antonella Musiani

* *appointed as director on 30 June 2021 and as Vice Chairman on 16 December 2021*

** *ceased to hold office on 16 December 2021*

*** *ceased to hold office on 30 June 2021*

PREAMBLE

The Report on Operations for Rekeep S.p.A. ("Rekeep") was drafted in accordance with art. 2428 of the Italian Civil Code and, as provided for under art. 40 of Legislative Decree 127/1991, is presented in a single document. Where appropriate, priority is given to issues considered important to the companies included in the scope of consolidation as a whole.

The Rekeep Group is active in the management and provision of integrated services to public and private customers, targeted at properties, the area and to support so-called "Integrated Facility Management" health care activities. At present the Rekeep brand is controlled by a single operating holding company which combines so-called "traditional" facility management production resources with those related to supporting the whole Group's business. As early as from the previous financial years a strategy has been pursued by the central holding functions to diversify operations, also through a series of corporate acquisitions, with some "specialist" facility management services beside the historical core business (hygiene services, green spaces and technical and maintenance services), in addition to linen rental and industrial laundering services and surgical instrument sterilization at healthcare facilities and high technology B2B services.

Furthermore, the Group started a major process of business development in international markets from the 2015 financial year, by establishing the sub-holding company Rekeep World S.r.l. and the start-up of facility operations in France (through the sub-group controlled by Rekeep France S.a.S.), Turkey (through EOS and Rekeep United Yönetim Hizmetleri A.Ş..) and Saudi Arabia (through Rekeep Saudi Arabia Ltd and Rekeep Arabia for Operations and Maintenance Ltd). Finally, the acquisition of the Polish company Rekeep Polska S.A. (formerly Naprzód S.A.), the parent company controlling the group with the same name and leading market in Poland, strengthened the Group's market position in the field of facility management in the healthcare sector, as well as expanded the Group's range of services, including first of all catering operations.

Shareholding structure

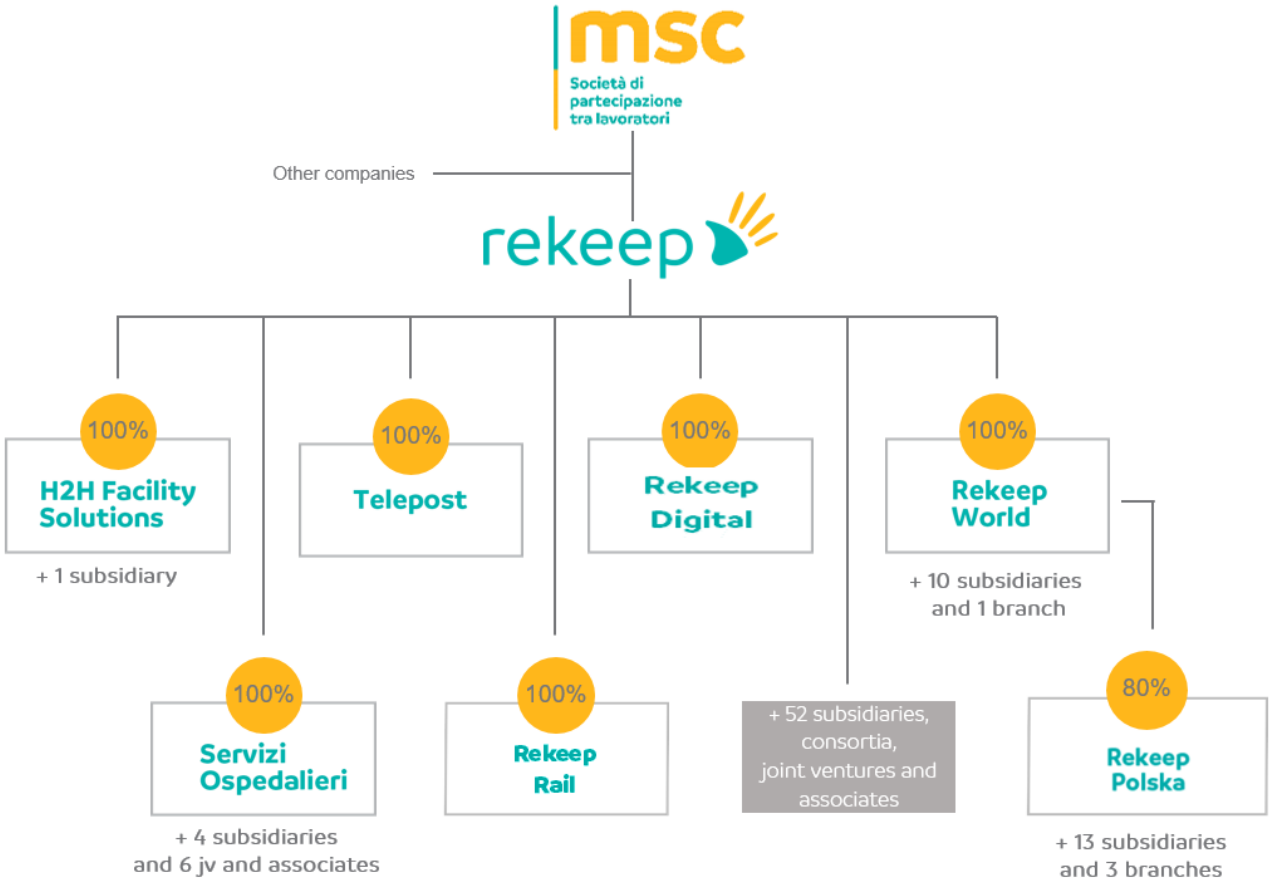
Ordinary shares issued by Rekeep S.p.A and fully paid up at 31 December 2021 amounted to 109,149,600 with a par value of Euro 1 each.

They are wholly held by MSC Società di Partecipazione tra Lavoratori S.p.A. (formerly Manutencoop Società Cooperativa), which also carries out Management and Coordination activities.

It should be noted that Manutencoop Società Cooperativa transformed its legal form from a cooperative company to a joint-stock company, and, in this context, changed its company name to MSC Società di Partecipazione tra Lavoratori S.p.A., with effect from 1 February 2022. The transaction was carried out following a resolution passed by the extraordinary shareholders' meeting held on 27 November 2021 and upon completion of the formalities required by the applicable provisions of law. The Rekeep Group's parent company retains full continuity of its own legal relationships. Moreover, the shares representing the entire share capital of the cooperative company, which were already held by its shareholders, were proportionally converted into shares of the transformed company with equal total value.

There are no other share classes. The Parent Company does not hold own shares.

The structure of the Group controlled by MSC Società di Partecipazione tra Lavoratori S.p.A. (formerly Manutencoop Società Cooperativa) at 31 December 2021 was the following:



MACROECONOMIC AND MARKET SCENARIO

After a first half of the year marked by strong growth in all the key macroeconomic indicators at a global level, the second half of 2021 saw a significant slowdown in the economic activity, which was mainly due to a resurgence of the pandemic linked to the Omicron variant in most Western countries and persistent bottlenecks on the supply side that pose downward risks to short-term growth. In addition, inflation rose further in the last months of the year almost everywhere, being affected above all by price increases in energy goods, intermediate inputs and recovery in domestic demand. For this reason, the world's leading central banks, including the Federal Reserve and the Bank of England, started the process of normalizing their monetary policy. On the other hand, the ECB decided to gradually reduce purchases at European level, while maintaining a more wait-and-see attitude and a monetary policy that continued to be expansive in relation to the evolution of the macroeconomic scenario: this followed a significant deceleration recorded in all European national economies due to a rise in Covid-19 infections and the tensions emerging in the supply chain of materials that hinder manufacturing operations. During the second half of 2021 inflation accelerated sharply in Europe too, driven as it was by exceptional price increases that hit the energy component, especially gas, which is also affected by geopolitical factors, thus reaching record levels since the single currency was introduced. According to Eurotower's projections, inflation should gradually fall during 2022, achieving an average of 3.2% and then settling at around 2% in the two-year period from 2023 to 2024 and therefore close to the pursued objectives.

In Italy, GDP grew by 6.6% in 2021 compared to the previous year according to ISTAT (Italian Statistics Institute) data: growth was consolidated until the third quarter thanks to household consumption expenditure and then recorded a sharp decline in line with the trend in Europe. The expansionary effect was limited by the resurgence of infections and the consequent worsening of the climate of confidence, which especially affected spending on services. Nevertheless, Italian exports, which were also supported by international tourism, continued to grow, thus further expanding the net credit position towards foreign countries. There were also good signs on the employment front: as from the summer, demand for labor began to grow again, resulting in an increase in the number of hours worked and consequently less recourse to wage support schemes and an increase in new hires on permanent contracts, whilst the lifting of the ban on redundancies in the various sectors did not have any adverse impact and the unemployment rate practically returned to pre-pandemic levels. In Italy, too, inflationary trends accelerated sharply during the last quarter (4.2% in December 2021), supported as it was by energy prices. However, net of this component, the annual change in prices remained moderate at 1.9% according to ISTAT estimates.

The Public Authorities' deficit showed a marked improvement due to a good performance of revenues against a limited increase in expenditure, standing at -7.2% as a percentage of GDP compared to -9.6% in 2020. Expansionary public finance measures are expected to be put in place during the next three years: the budget law approved by the Italian Parliament at the end of the year estimates an increase in the deficit by 1.3% of GDP on average per year. The ratio of debt to GDP also recorded a significant improvement, reaching 150.4%, down sharply compared to 155.3% in the previous year, but remaining well above pre-pandemic levels.

According to the Bank of Italy's macroeconomic estimates, based on a lower spread of the epidemic as from the spring, GDP would return to pre-pandemic levels by mid-2022: the expansion of activities is expected to continue at a sustained pace,

although less intensely than in the period following the reopenings that occurred in mid-2021, with growth of 3.8% in 2022, 2.5% and 1.7% in 2023 and 2024, respectively. This would be accompanied by growth in the number of employed persons, with a return to pre-crisis levels at the end of 2022, as well as by a reduced inflation, which is expected to be moderate as from 2023 and equal to 1.6% on an annual basis.

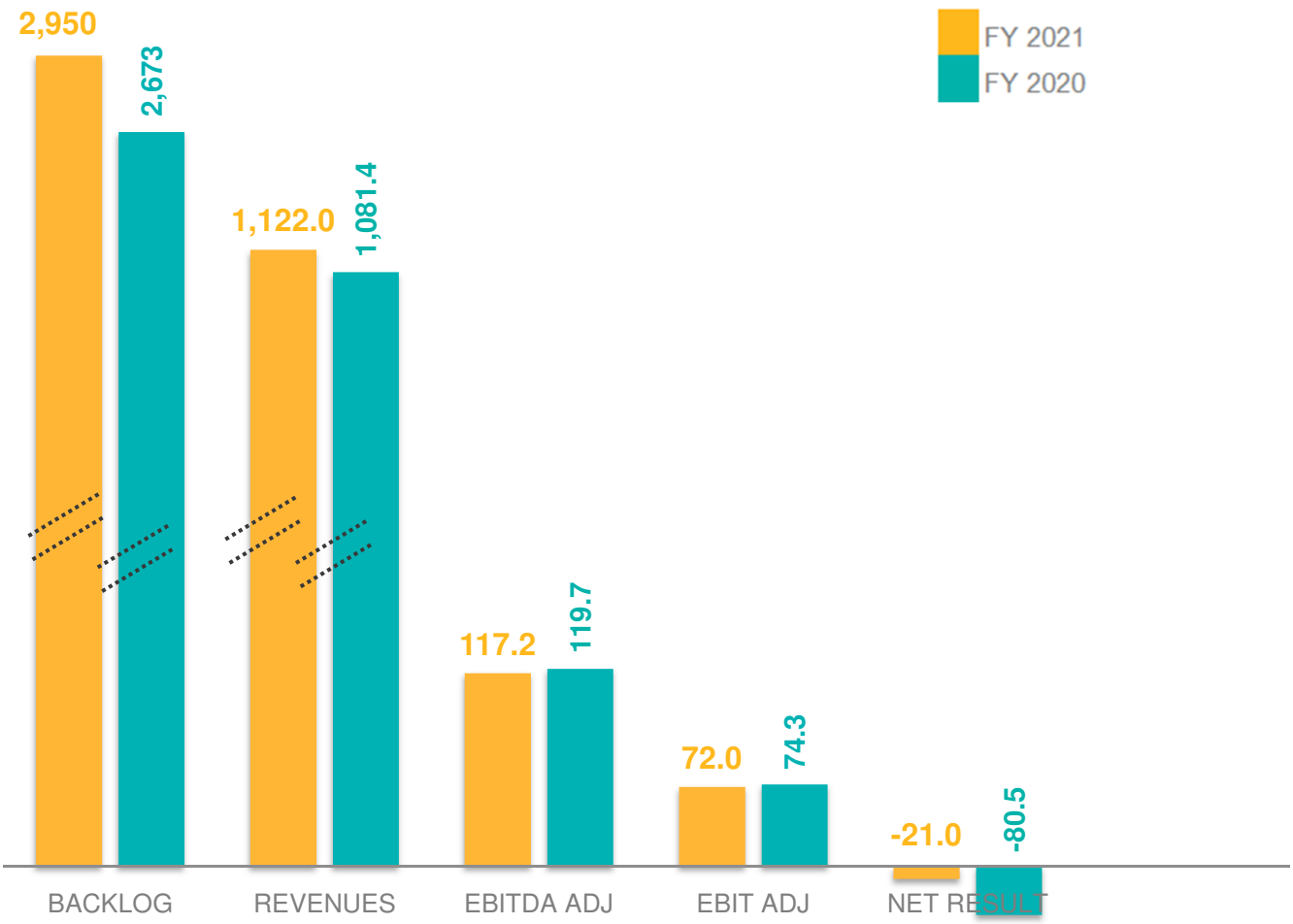
However, the uncertainty of the estimates is high and strongly affected by numerous downward risks: at present, the main source of concern is linked to the conflict between Russia and Ukraine and it is impossible to predict the implications this will have in geo-political terms, let alone the macro-economic impact it will have on global economy. Moreover, if the main uncertainty in the short term is linked to the health emergency, medium-term risks are associated with the full implementation of the spending and investment programs included in the budget law and the complete and prompt implementation of the measures provided for in the NRRP.

NON-GAAP FINANCIAL MEASURES

The Rekeep Group's management monitors and assesses the business performance, as well as the consolidated results of operations and cash flows by using a number of financial ratios that are not defined under the international accounting standards IAS/IFRS ("Non-GAAP measures") and that are specified below. The Group's management considers that these financial ratios, which are not explicitly expressed in the accounting standards adopted to prepare the Consolidated Financial Statements, provide information which helps to understand and assess its overall financial and equity performance. These are widely used in the sector in which the Group operates but might not be directly comparable with those utilized by other companies, nor are they intended to replace the economic and financial performance ratios prepared in the application of the international accounting standards IAS/IFRS.

	Definition
Backlog	The Backlog is the amount of contract fees not yet accrued and connected with the residual term of orders, which are held by the Group in the backlog.
Financial Capex	Financial capex is the net expenditure on the acquisition of equity investments on business combinations and on grants of long-term loans.
Industrial Capex	Industrial CAPEX are defined as the purchase of (i) Property, plant and equipment, (ii) Property, plant and equipment under lease and (iii) other intangible assets.
NWC	Consolidated Net Working Capital (NWC) is defined as the consolidated NWOC which is added the amount of other operating assets and liabilities (other current assets, other current liabilities, current tax receivables and payables, current provisions for risks and charges).
NWOC	Consolidated Net Working Operating Capital (NWOC) is composed of "trade receivables and advance to supplier" and "inventories", net of "trade payables and contract liabilities".
DPO	DPO (Days Payables Outstanding) is a weighted average of days for payment of consolidated trade payables calculated as the ratio of trade payables, net of VAT on the amounts already received from the supplier, and costs over the last 12 months related to external production factors (included the capex) multiplied by the days of the reference period.
DSO	DSO (Days Sales Outstanding) is a weighted average of days for collection of consolidated trade receivables calculated as the ratio of trade receivables, net of VAT on the amounts already billed to customers, and revenues over the last 12 months multiplied by the days of the reference period.
EBIT	EBIT represents the Profit (Loss) before taxes gross of: i) Financial charges; ii) Financial income; iii)

	Dividend and income (loss) from sale of investments; iv) Share of net profit of associates; v) Profit (loss) on exchange rate. The Statement of Profit or Loss shows EBIT as "Operating Income".
EBITDA	EBITDA represents the Operating Income before allocations to the accrual of provisions for risks and amortization/depreciation, write-downs and write-backs of assets. EBITDA is a measure used by the Company's management to monitor and assess its operating performance and it is not identified as an accounting measure under IFRS. Therefore, it must not be considered an alternative measurement for evaluating the trend in the Group's profit/loss. Given that the breakdown of EBITDA is not regulated by the accounting standards, the calculation criteria applied by the Group may not be comparable.
Adjusted EBIT and EBITDA	Adjusted EBITDA and Adjusted EBIT do not include non-recurring elements recorded in the consolidated Statement of Profit/Loss for the year, as described in paragraph "Non-recurring events and transactions".
Gross Debt	Gross Debt is defined as the sum of debts for principal referring to: i) Senior Secured Notes; ii) Bank debts; iii) Current bank overdraft, advance payments and hot money; iv) Obligations arising from assignments of trade receivables with recourse; v) Financial lease obligations.
LTM (Last Twelve Months)	LTM values relate to the economic values or financial flows identified in the last 12 months, or in the last 4 financial reporting years.
Net Cash	Net Cash is defined as the balance of "Cash and cash equivalents" net of: i) Bank overdrafts, advance payments and hot money; ii) Obligations arising from assignments of trade receivables with recourse.
Net Debt	Net Debt is defined as Gross Debt net of the balance of Cash and cash equivalents and Current financial assets.
Financial indebtedness	Consolidated financial indebtedness consists of the balance of Long-term debt, Derivatives, Bank borrowings (including current portion of long-term debt) and other financial liabilities, in addition to the financial component of trade payables and other non-current payables, net of the amount of receivables and other current financial assets and Cash and Cash equivalents.
Financial indebtedness and Adjusted NWOC	Adjusted NWOC and Adjusted financial Indebtedness include the balance of the trade receivables assigned in the framework of the previous years' assignment without recourse programs and not yet collected by the factoring companies.



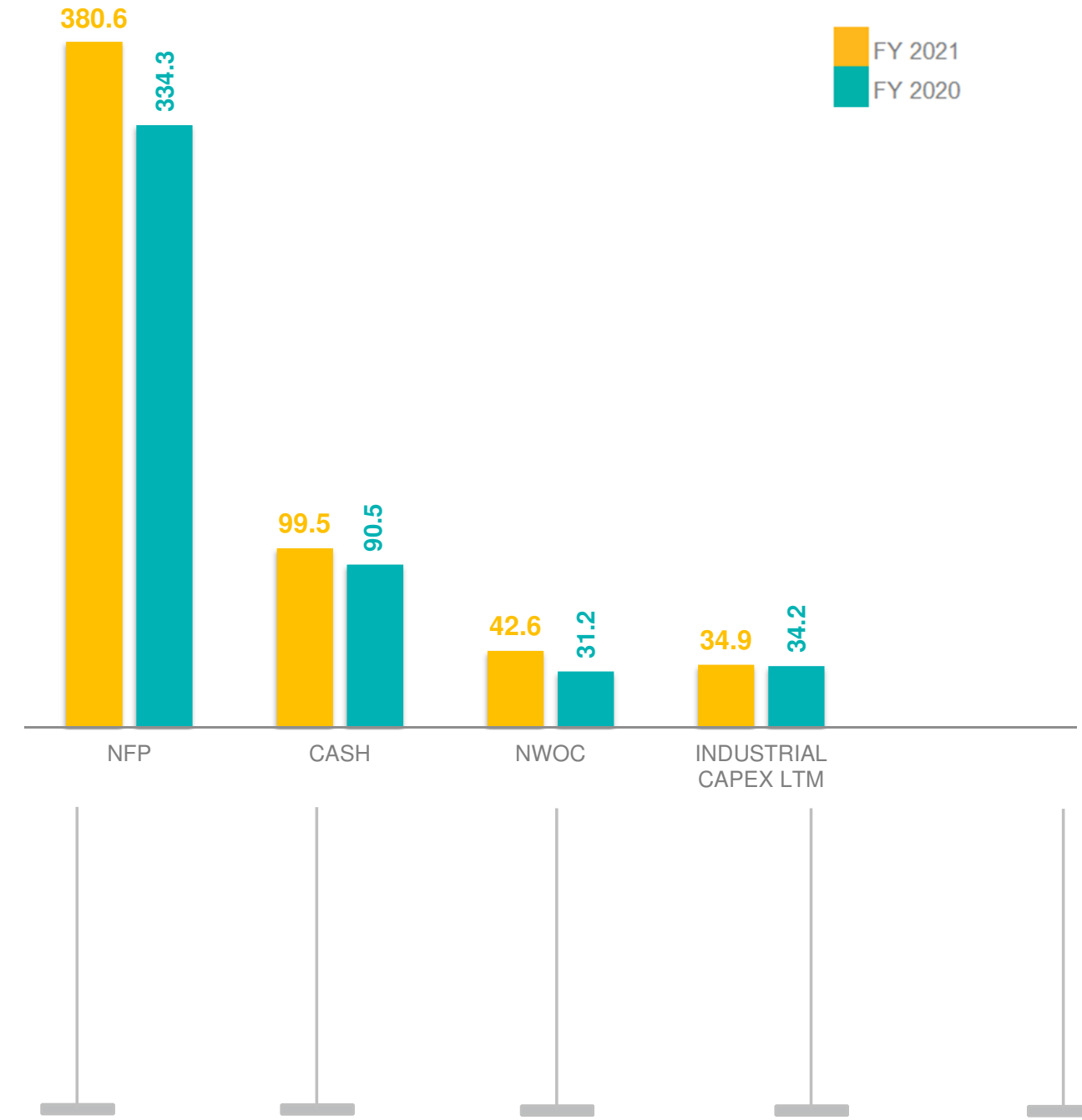
BACKLOG/ REVENUES LTM
2.6x
vs 2.5x 31/12/2020

REVENUES
+ 3.8 %
vs 11.9% at 31/12/2020

EBITDA/ REVENUES
9.7%
vs 2.7% at 31/12/2020

EBITDA ADJ/ REVENUES
10.4%
vs 11.1% at 31/12/2020

EBIT ADJ/ REVENUES
6.4%
vs 6.9% at 31/12/2020



NFP / EBITDA ADJ
3.2x

CASH
99.5 mln
vs 90,5 mln at 31/12/2020

NET CASH
70.1 mln
vs 66.8 mln at 31/12/2020

NWOC / REVENUES
3.8%
vs 2.9% at 31/12/2020

REPORT ON OPERATIONS

INTRODUCTION TO THE REPORTING OF CONSOLIDATED RESULTS

In order to better understand the comparative data used for the results at 31 December 2021, it should be noted that the 2020 financial year started with the sale of Sicura S.p.A. and its subsidiaries, which gave rise to a capital gain (net of additional transaction costs) equal to € 3.1 million in the consolidated financial statements. Therefore, as at 31 December 2020, this capital gain was recognized as "Profit (loss) from discontinued operations" according to the provisions of IFRS5 and the results of these operations were excluded from the scope of "Continuing operations" and classified under the same item of the Statement of Profit/Loss for the period.

2021 SIGNIFICANT EVENTS

The economic, political and social scenario for 2021 was still adversely affected by the Covid-19 pandemic that broke out in early 2020 and its effects, despite the continuation of the vaccination campaign at a fast pace in the main countries all over the world led to an easing of restrictions.

In compliance with the instructions given by the Italian Ministry of Health and the Regional Governments involved, the Parent Company and the Rekeep Group companies continued to take preventive measures and issued operating instructions to contain the spreading of the virus and safeguard the users of the services they provide, as well as of their workers, customers and potential visitors. The Rekeep Group companies continued to deliver their services at full working capacity where requested, adopting any and all preventive measures necessary to safeguard employees and users. The Management continues to monitor the situation on an ongoing basis in order to be able to take, in real time, any decision required to protect the health of people who are involved for any reason and to limit costs, including through incentives and social shock absorber measures provided by the Government.

In 2021 the requests for extra services and supplies such as extraordinary sanitization and cleaning, fitting out hospital wards, other non-routine maintenance work, additional bed linen and clothing and other devices and personal protective equipment (PPE) for healthcare personnel continued, although they went down especially during the last quarter, giving way to a slow recovery in routine work.

On 1 June 2021 the Group also acquired, through subsidiary Servizi Ospedalieri S.p.A., an investment of 60% in the quota capital of U.Jet S.r.l., a company specializing in the production of surgical kits for the healthcare segment and devices. The transaction is part of the growth and development strategy of the Rekeep Group, which envisages the entry into specialist sectors that are linked to the core business, thus increasing its footprint and strengthening its leadership both at national and international level in the business of services in support of healthcare activities.

In terms of company performance, the last quarter confirmed the growth trend in revenues, which came to € 1,122.00 million in 2021, up by € 40.6 million compared to the same period of the previous year (+ 3.8%). The positive change compared to 2020 is achieved in all markets, i.e. Public, Healthcare and Private sectors, although with a different breakdown over the year due to the influence of two external factors, i.e. the evolution of the epidemic and the increase in the prices of raw materials, especially fuel, which had an impact on the prices charged to the customers.

In term of profit margins, Adjusted EBITDA came to € 117.2 million at 31 December 2021 compared to € 119.7 million at 31 December 2020. The overall decline in margins was affected by the same external factors described above. In particular, the impact of the significant demand for non-routine work received in 2020 is evident at EBITDA level, and is even more evident on companies engaged on the front line since the early stages of the pandemic such as the subsidiary Medical Device, which returned to pre-pandemic performance levels during the second half of 2021.

New Senior Secured Notes bond issue

On 18 January 2021, Rekeep S.p.A. announced the launch of an offering of Senior Secured Notes for a total nominal amount of € 350 million. The transaction was successfully formalized on 28 January 2021 with an issue at par due 2026, an annual fixed coupon of 7.25% (payable on a six-monthly basis on 1 February and 1 August, as from 1 August 2021) and non-callable repayment until 1 February 2023. The agreement ("Indenture") was signed between the issuer, Law Debenture Trust Corporation p.l.c. as trustee, Unicredit S.p.A. as Security Agent and Bank of New York Mellon as Paying and Transfer Agent. Furthermore, within the scope of the transaction, JP Morgan Securities Plc and UniCredit Bank AG acted as Joint Global Coordinators and Joint Physical Bookrunners, while Goldman Sachs International and Credit Suisse acted as Joint Bookrunners. The stock was admitted for listing on the EURO MTF multilateral trading facility managed by the Luxembourg Stock Exchange and on the ExtraMOT multilateral trading facility, PRO segment, organized and managed by Borsa Italiana S.p.A.. The bonds were offered for subscription and were placed (i) in the United States of America, only reserved for qualified institutional buyers in accordance with Rule 144A of the Securities Act and (ii) outside of the United States of America in accordance with Regulation S of the Securities Act and in particular in Europe and in Italy, only subject to exemption from the EU and Italian regulations governing public offerings provided for in the Prospectus Directive, the Consolidated Act on Finance and the Issuers' Regulation.

On 9 February 2021, the Company also issued additional Senior Secured Notes with a par value of € 20 million at an issue price of 102.75% plus an amount equal to the interest that would have accrued on the Notes until (and excluding) 9 February 2021 in the event of them being issued on 28 January 2021. These Notes are regulated by the same terms and conditions as those issued previously (annual rate of 7.25% and due 2026) and will be formally registered in the same series as the latter ones.

The proceeds from offering the new Senior Secured Notes (totaling € 370 million), together with Cash and Cash equivalents that were already stated in the Company's accounts, were used to pay off the Senior Secured Notes that had been issued in 2017 with an annual coupon of 9% and due 2022, as well as to pay the costs sustained for the redemption premium of these Notes and replenish the liquidity with which the previous RCF line of credit had been repaid.

At the same time as the issue of 28 January 2021, Rekeep S.p.A. finally signed a new revolving loan agreement that will guarantee a senior secured line of credit ("RCF") for an amount of up to € 75 million, to be used for general purposes and to manage the working capital of the Issuer and its subsidiaries. In particular, the RCF loan agreement was entered into between, among others, Rekeep S.p.A., on the one hand, and on the other, Credit Suisse AG Milan Branch, Goldman Sachs Bank Europe SE, JP Morgan AG and Unicredit S.p.A. (as Mandated Lead Arrangers), Unicredit S.p.A. as Agent and Security Agent, and the Original Lenders. The interest rate applicable to each use of the RCF loan for each interest period will be equal to the percentage rate resulting from the sum of the fixed margin (equal to 3.5) and the applicable EURIBOR parameter.

Acquisition of 60% of quotas of U.Jet S.r.l.

On 1 June 2021 the Group acquired, through subsidiary Servizi Ospedalieri S.p.A., an investment of 60% in the quota capital of U.Jet S.r.l., a leading company in the production of non-woven fabric (TNT) devices mainly aimed at the healthcare market, which can count on 2 clean rooms for the packaging and composition of disposable fabric surgical kits for the healthcare market. In 2020, U.Jet, which is based in Bastia Umbra (PG), achieved pro-forma consolidated Revenues of € 11.2 million, mainly in the Italian market, through agreements with public and private hospitals, distributors, service companies and custom pack manufacturers, although the company also has a commercial footprint in Albania, France, Switzerland, Tunisia and Bulgaria. The company in turn holds a 100% controlling interest in the capital of U.Jet Romania Private Limited Company, based in Sighetu Marmaţiei in Romania.

The transaction was completed by means of a carve-out of U.Jet's core business activities, which were contributed to a NewCo in which Servizi Ospedalieri holds 60%, whilst the remaining stake is still held by the management that has controlled it for a long time. The consideration for entering the company's ownership structure amounts to € 5.0 million, of which an amount of € 0.4 million is subject to an expert appraisal of a property included in the perimeter of the acquisition, which is still in progress, in addition to a price supplement of up to a maximum of € 1.5 million linked to the company's performance in terms of EBITDA in the subsequent financial year.

The corporate partnership with the current management creates significant development synergies with Servizi Ospedalieri itself and with subsidiary Medical Device S.r.l., and allows Rekeep to expand its offer of services in support of the healthcare business, in which at present the Group already achieves about 60% of its consolidated turnover, with more than 500 facilities served in Italy and Poland.

Business development

In 2021 the Group brought orders for an overall multi-year amount of € 899.3 million, of which € 420.3 million relating to extensions and renewals of contracts already included in its sales portfolio and € 479.0 million relating to the development of a new portfolio. The value of contracts acquired in International Markets was equal to about 15.4% of total orders gained during the period.

New contracts in the Healthcare sector, amounted to € 508.7 million in 2021 (about 56.6% of total orders gained), against orders gained for the Public sector for € 207.7 million (23.1% of the total) and in the Private sector for € 182.9 million (20.3% of the total). In terms of Strategic Business Unit ("SBU"), Facility Management (which also include International Markets) obtained contracts of € 782.7 million while Laundering&Sterilization obtained contracts of € 116.6 million.

In the Healthcare market the Group was awarded a tender within a centralized bidding process launched by the Lazio Regional Government for the management of maintenance and energy services relating to properties used by healthcare facilities, as well as a tender launched by the central purchasing office of the Liguria Regional Government for maintenance and energy services for the Local Health Care Units (ASL) in the Liguria regional health system. For the Rekeep Polska Group we must note major orders that were gained for the renewal of portfolio contracts due to expire for hygiene, catering and medical transportation in the hospital sector, which is the key target market of the group.

Moreover, the subsidiary Servizi Ospedalieri S.p.A. gained new agreements for linen rental and industrial laundering at Policlinico Gemelli hospital in Rome and for sterilization of surgical instruments at Ciaccio Hospital Trust in Catanzaro and for the Local Health Care Unit (ASL) in Ferrara. Finally, contracts were renewed for linen rental and industrial laundering and sterilization services that were already included in the portfolio at some Local Health Care Units (ASL) in Toscana Region.

As regards the public Market, some contracts for hygiene services in the portfolio were renewed with Trenitalia S.p.A. and ATM S.p.A. and contracts were also signed for hygiene services under the Intercenter 5 Emilia Romagna agreement, as was a 15-year term contract for the concession of services concerning the operation and maintenance of public lighting and thermal and electrical energy systems of the municipal authority's buildings in the district of Anzola dell'Emilia, including energy retrofit and efficiency work. We must also note new orders in France for the provision of hygiene services to Keolis, a subsidiary in the SNCF group, which is the main customer of subsidiary Rekeep Transport S.a.S., as well as to RATP for Paris underground cleaning services.

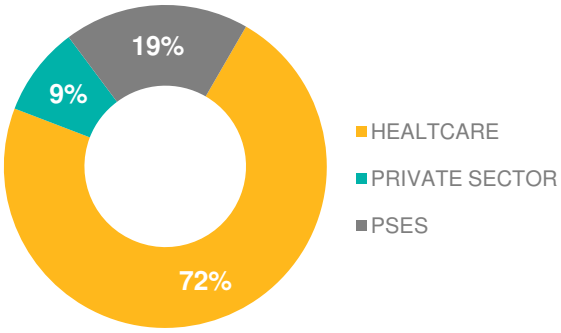
Finally, important renewals were confirmed for expiring contracts, specifically for hygiene services at shopping centers, retail customers and the transport system in the Private sector.

The **Backlog** i.e. the amount of contractual revenues related to the residual duration of the job orders in the portfolio at that date, is expressed below in millions of Euro:

	2021	2020	2019
Backlog	2,950	2,673	2,834

At 31 December 2021, **Backlog** came to € 2,950 million, recording an increase compared both to the value posted at the end of 2020 and 31 December 2019. However, the Backlog/Revenues ratio was equal to 2.6x (against 2.5x at 31 December 2020 and 2.9x at 31 December 2019).

BACKLOG BY MARKET



1. SUMMARY OF RESULTS OF THE FOURTH QUARTER OF 2021

	For the quarter ended 31 December			For the financial year ended 31 December		
	2021	2020	%	2021	2020	%
Revenues	309,562	308,526	+0.3%	1,122,025	1,081,390	+3.8%
Revenues - International Markets	44,582	33,612		156,467	133,039	
Adjusted EBITDA (*)	32,265	33,574	-3.9%	117,151	119,732	-2.2%
Adjusted EBITDA % of Revenues	10.4%	10.9%		10.4%	11.1%	
Adjusted EBIT (*)	19,907	20,549	-3.1%	72,018	74,307	-3.1%
Adjusted EBIT % of Revenues	6.4%	6.7%		6.4%	6.9%	
Consolidated Net Profit (Loss)	(6,701)	2,277		(20,985)	(80,451)	

In the fourth quarter of 2021 the Group recorded ***Revenues*** of € 309.6 million compared to € 308.5 million in the same period of the previous year, with a net positive change of € 1.0 million (+0.3%). The International Markets, led by the Polish Rekeep Polska sub-group, which was acquired during the fourth quarter of 2019, contributed revenues of € 44.6 million (of which an amount of € 33.4 million contributed by Rekeep Polska) to the quarter against € 33.6 million in the fourth quarter of 2019 (of which an amount of € 30.5 million contributed by Rekeep Polska). The increase in consolidated volumes must be analyzed by considering, first of all, that the comparative quarter reflects in full the positive effects of the Covid-19 emergency, as well as of the first reopenings after total lockdown during the first wave: there was a high request for extra services such as, for example, sanitization and supplies of PPE on the one hand and, on the other, a timid recovery in routine work. On the other hand, the fourth quarter of 2021 saw a reduction in the volumes of non-routine operations linked to the health emergency, which however continued, partly offset by a resumption of routine work, which recorded a new slowdown compared to previous quarters, in line with the trend in the epidemic. This increase in revenues during the last quarter of 2021 was also contributed to by the higher price charged to customers on heat management operations in last months of 2021, due to an increase in energy costs.

These considerations may also be reflected on the performance in terms of quarterly turnover relating to each SBU: revenues achieved by the *Facility Management* SBU showed, in fact, an improvement compared to the fourth quarter of 2020 (€ 273.7 million in the quarter ended 31 December 2021 against € 257.7 million in the quarter ended 31 December 2020, + € 15.9 million); revenues achieved by the *Laundering&Sterilization* SBU confirmed the decline already recorded in the third quarter of 2021 (€ 35.9 million in the quarter ended 31 December 2021 against € 50.8 million in the quarter ended 31 December 2020), which were affected to a greater extent by the contraction in non-routine work compared to the same period of the previous year, particularly due to lower sales of PPE and other materials mainly on the part of subsidiary Medical Device S.r.l., the demand for which was strongly driven by the emergency.

An analysis of company performance by market during the fourth quarter of 2021 saw a decline in the turnover in the Healthcare sector (- € 7.0 million), which was affected to a greater extent by the effects of the decline in volumes of non-routine work of cleaning, sanitization, maintenance of wards, in addition to the supplies of bulk materials (gowns), PPE and mattresses for Covid wards, which were still requested by hospital trusts, although to a lesser extent than in the previous year. The simultaneous resumption of some routine operations, such as, for example, the sterilization of surgical instruments or linen rental and industrial laundering, which had been adversely affected by the lack of routine surgery and a reduction in days of regular hospitalization during the "waves" of the epidemic, was still slow and moderate during the last quarter of 2021. Both the Public and the Private markets returned to record an increase in the two comparative quarters, equal to € 6.8 million and € 1.2 million, respectively. For both markets, the fourth quarter of 2021 was marked first of all by a recovery in the volumes of routine work, to which must be added the effect on the comparative values of the significant closures imposed during the "second wave" pandemic in the last months of 2020. In addition, it is above all the Public market that is hit by the aforesaid increase in turnover achieved in the heat management activity for integrated service contracts, affected as it is by the increase in energy prices that occurred in the last part of the year.

Adjusted EBITDA for the fourth quarter of 2021 came to € 32.3 million, showing a decrease of € 1.3 million compared to the same quarter of the previous year (when it was equal to € 33.6 million), which saw the occurrence of two opposing events when we consider the breakdown by SBU. In the two comparative quarters, the performance of the *Facility Management* SBU showed an increase of € 4.2 million in profit margins, which was affected by the same trend recorded for revenues, excluding two factors: (i) an increase in personnel costs due to the renewal of the National Collective Labor Agreement for employees of companies providing cleaning and integrated/multi-services with effect from 1 July 2021; (ii) an increase in fuel costs as a result of a generalised rise in raw material prices. On the other hand, the *Laundering&Sterilaztion* SBU recorded a reduction in profit margins equal to € 5.5 million compared to the last quarter of 2020, which followed the same trend recorded on volumes. This performance gave rise to a slight fall in average profit margins (**Adjusted EBITDA/Revenues**), which came to 10.4% for the quarter ended 31 December 2021 against 10.9% for the same period of the previous year.

Adjusted EBIT for the quarter ended 31 December 2021 amounted to € 19.9 million (6.4% of related Revenues) against € 20.5 million for the same period of the previous year (6.7% of related Revenues). The trend was affected, in absolute terms, by the performance already reported for Adjusted EBITDA (- € 1.3 million), to which must be added higher *amortization and depreciation* for € 0.1 million. Furthermore, there was the recognition of lower write-downs of receivables (net of releases) for € 0.3 million, higher impairment losses on other assets for € 0.1 million and lower accruals to provisions for future risks and charges, net of non-recurring accruals, for € 0.5 million.

Finally, the **Consolidated net result** for the quarter showed a loss of € 6.7 million against a profit of € 2.3 million for the same period of the previous year. Furthermore, in addition to the performance in terms of consolidated adjusted EBIT described above, higher net financial charges were recognized for € 4.9 million in the fourth quarter of 2021, mainly as a result of higher financial costs on contingent liabilities for the acquisition of minority interests for € 1.0 million, higher interest discount charges

for € 1.6 million and a lower net capital loss from sale of investments for € 4.3 million, offsetting the savings in terms of financial costs due to the new issue of Senior Secured Notes that took place in January 2021: as a result, there was the recognition of lower financial charges on Senior Secured Notes (- € 0.7 million), and lower amortized cost charges for € 0.6 million, as well as lower financial charges on the use of the Revolving Credit Facility for € 0.4 million, even against higher additional charges on the line for € 0.2 million. Furthermore, higher net charges from equity investments for € 0.5 million and higher taxes (+ € 4.5 million) were recognized during the quarter compared to the same quarter of 2020.

	31 December 2021	30 September 2021	31 December 2020
Net Working Operating Capital (NWOC)	42,617	63,248	31,193
Financial indebtedness	(380,649)	(399,238)	(334,327)

From an equity and financial point of view, the figure relating to Net Working Operating Capital (**NWOC**) at 31 December 2021 recorded a normal decrease compared to the value posted during the previous quarter (- € 20.6 million), while showing an increase compared to the value posted at the end of the previous year (+ € 11.4 million). Specifically, the last quarter of 2021 saw the recognition of higher trade receivables for € 4.7 million and higher trade payables for € 24.7 million, against a Financial indebtedness that reported a positive change equal to € 18.6 million compared to the end of the previous quarter. During the 2021 financial year trade receivables were assigned to factoring companies without recourse for a total of € 249.9 million (of which € 66.3 million during the last quarter) and VAT receivables were assigned without recourse for € 28.6 million (of which € 9.2 million during the fourth quarter).

At 31 December 2021 DSO was 154 days, recording an increase by 8 days compared to 30 September 2021 (when it was equal to 146 days) but confirming the trend that was well-established at that time, since it still recorded a decrease compared to 31 December 2020 (when it was equal to 159 days). The performance of the DPO, which came to 220 days at 31 December 2021, also showed an increase compared to 196 days at 30 September 2021, and was instead unchanged compared to 31 December 2020. The performance of amounts collected from customers and payments to suppliers gave rise to total cash flows for € 20.4 million.

Financial indebtedness showed a decrease of € 18.6 million during the quarter. To the cash flows generated from operating activities during the quarter (€ 14.6 million) must be added the cash flow generated by the change in NWOC (+€ 20.4 million) and financial disinvestments (+ € 2.4 million), while uses of resources must be deducted for net industrial investments (- € 1.6 million), in addition to uses of provisions for future risks and charges and the provision for Employee Termination Indemnity (TFR) for the quarter (- € 1.6 million) and a negative contribution of changes in other operating assets and liabilities that were recorded during the quarter (- € 5.6 thousand), mainly due to the normal seasonal trend in receivables from and payables to employees that saw the payment of additional monthly salaries in the last quarter.

2. THE REKEEP GROUP'S CONSOLIDATED PERFORMANCE OF OPERATIONS AND FINANCIAL POSITION AT 31 DECEMBER 2021

2.1. Consolidated results of operations for FY 2021

Below are reported the main income figures for 2021 compared to the figures of 2020.

(in thousands of Euro)	For the year ended 31 December		For the quarter ended 31 December	
	2021	2020	2021	2020
Revenues	1,122,025	1,081,390	309,562	308,526
Costs of production	(1,012,898)	(1,052,118)	(280,181)	(363,218)
EBITDA	**109,127**	**29,272**	**29,381**	**(54,692)**
EBITDA %	**9.7%**	**2.7%**	**9.5%**	**N.A.**
Amortization, depreciation, write-downs and write-backs of assets	(41,477)	(40,472)	(10,347)	(10,560)
Accrual of provisions for risks and charges	(5,471)	(8,228)	(3,826)	79,204
Operating Income (EBIT)	**62,179**	**(19,428)**	**15,208**	**13,952**
EBIT %	**5.5%**	**N.A.**	**4.9%**	**4.5%**
Share of net profit of associates	1,267	(7,441)	(1,230)	(752)
Net financial charges	(66,704)	(41,527)	(11,597)	(6,692)
Profit before taxes (EBT)	**(3,258)**	**(68,396)**	**2,381**	**6,508**
EBT %	**N.A.**	**N.A.**	**0.8%**	**2.1%**
Income taxes	(17,743)	(14,624)	(9,082)	(4,630)
Profit (loss) from continuing operations	**(21,001)**	**(83,020)**	**(6,701)**	**1,878**
Profit (loss) from discontinued operations	16	2,569	0	399
CONSOLIDATED NET PROFIT (LOSS)	**(20,985)**	**(80,451)**	**(6,701)**	**2,277**
CONSOLIDATED NET PROFIT (LOSS) %	**N.A.**	**N.A.**	**N.A.**	**0.7%**
Minority interests	(1,603)	(2,703)	19	(1,289)
NET RESULT ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT	**(22,588)**	**(83,154)**	**(6,682)**	**988**
NET RESULT ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT %	**N.A.**	**N.A.**	**N.A.**	**0.3%**

NON-RECURRING EVENTS AND TRANSACTIONS

In 2021 the Rekeep Group recognized, in the Statement of Profit or Loss for the period, some "non-recurring" financial items which impacted on the normal performance of consolidated results. Pursuant to CONSOB Communication DEM/6064293 of 28 July 2006, "*significant non-recurring events and transactions*" mean events or transactions whose occurrence is non-recurring, i.e. those transactions or events that are not repeated frequently as part of normal operations and have a significant impact on the Group companies' financial position, results of operations and cash flows.

The following non-recurring elements are recognized in the Consolidated Statement of Profit/Loss for the period:

(in thousands of Euro)	For the year ended 31 December	
	2021	2020
Legal advice fees concerning pending administrative disputes	580	428
Group refinancing costs	857	0
Legal advice on foreign operations	594	0
Competition Authority's fine for the FM4 Tender	255	82,200
Costs from reorganization of company units	2,946	6,220
M&A and non-recurring transactions of Group companies	1,534	516
Costs associated with Covid-19 emergency	399	1,096
Transactions with minority shareholders	859	0
NON-RECURRING EXPENSES (INCOME) IMPACTING ON EBITDA	**8,024**	**90,460**
Non-recurring provisions for risks on contracts	1,464	3,275
Provision for the Competition Authority's fine for the FM4 Tender	351	0
NON-RECURRING CHARGES (INCOME) IMPACTING ON EBITDA AND EBIT	**9,839**	**93,735**
Financial fees on Group refinancing	2,567	0
Costs for early redemption of Senior Secured Notes 2017	15,026	0
Reversal of amortised cost of Senior Secured Notes 2017	6,082	0
Interest discount on spot assignment of NPLs	1,566	0
TOTAL NON-RECURRING EXPENSES (INCOME)	**35,079**	**93,735**

During 2021 disputes continued which were pending with the Competition Authority (AGCM) and Consip S.p.A. (for which reference should be made to the paragraph on the "Update on Legal Proceedings" below). The results for the 2021 financial year were also affected by non-recurring financial costs and charges that were incurred for the abovementioned refinancing transaction of the Group, which took place in January and February, and that were associated with both the new issue of Senior Secured Notes and the redemption of the previous ones. Furthermore, during the period, activities were completed to improve efficiency of the functions, especially those operating in International markets, which entailed non-recurring costs for the reorganization of company functions and for legal advice on foreign subsidiaries. At the same time, the Group continued its work on M&A transactions, thus sustaining non-recurring costs for the acquisition of U.Jet S.r.l. on the part of subsidiary Servizi Ospedalieri S.p.A., as well as additional costs due to the acquisition of the Polish group led by Rekeep Polska. Finally, non-recurring costs were recognized for the termination of business relationships with shareholders.

The Covid-19 emergency gave rise to additional costs of € 0.4 million in 2021, while it had affected the 2020 financial year for € 1.1 million. However, the results for the 2020 financial year were largely affected by the cost of € 82.2 million relating to the fine imposed by the Competition Authority on the FM4 Tender. Costs were also incurred in 2020 for advice on significant projects for the reorganization of company units in Group companies, as were additional costs relating to the acquisition of the Polish group controlled by Rekeep Polska S.A. and for scouting actions on potential M&A transactions.

As regards non-recurring costs impacting on EBIT, a provision was set aside for non-recurring additional costs that were expected to be incurred on some energy contracts in both comparative financial years.

Finally, in addition to the already mentioned impact of the refinancing transaction, net financial charges for the period were affected by the cost incurred for a spot assignment without recourse of non-performing loans to a vehicle specializing in the management of this kind of receivables (€ 1.6 million).

Consolidated Adjusted EBITDA and EBIT are thus represented as follows:

(in thousands of Euro)	For the year ended 31 December	
	2021	**2020**
EBITDA	**109,127**	**29,272**
Non-recurring expenses (income) impacting on EBITDA	8,024	90,460
Adjusted EBITDA	**117,151**	**119,732**
Adjusted EBITDA % on Revenues	**10.4%**	**11.1%**
EBIT	**62,179**	**(19,428)**
Non-recurring expenses (income) impacting on EBITDA and EBIT	9,839	93,735
Adjusted EBIT	**72,018**	**74,307**
Adjusted EBIT % on Revenues	**6.4%**	**6.9%**

REVENUES

During the period ended 31 December 2021 the Group recorded ***Revenues*** of € 1,122.0 million against € 1,081.4 million for the same period of the previous year, with a positive change of € 40.6 million (+3.8%).

Government measures put in place in relation to the "third wave" included containment measures and targeted lock-downs that did not entail a total closure of offices and public facilities, as well as of large private companies and retail operations; likewise, there was no drastic reduction in public and railway transport. On the other hand, the health emergency entailed a positive change in the volumes in the Healthcare sector, in which the Group committed significant resources to meeting a higher demand for sanitation, disinfection and maintenance of the Italian healthcare facilities, as well as an extraordinary supply of PPE, which was mainly concentrated during the first half of 2021. The previous year, especially in the first part, had instead been fully hit by the effects of the full lockdown imposed during the first phase of the pandemic and of containment measures imposed to cope with the emergency, such as in particular the closure of schools and public offices. In the last months of 2021, revenues were also positively affected by an increase in the energy prices, which entailed an increase in the price charged to customers on heat management contracts.

The table below shows the breakdown of consolidated Revenues by target Market in 2021 compared with the figure posted in the same period of the previous year.

REVENUES BY MARKET

(in thousands of Euro)	For the year ended 31 December				For the quarter ended 31 December	
	2021	% on total Revenues	2020	% on total Revenues	2021	2020
Public Authorities	223,280	19.9%	211,481	19.6%	67,062	60,246
Healthcare	654,553	58.3%	646,384	59.8%	176,961	183,928
Private Customers	244,191	21.8%	223,525	20.6%	65,539	64,353
CONSOLIDATED REVENUES	**1,122,025**		**1,081,390**		**309,562**	**308,526**

Revenues in the Healthcare sector showed an overall increase of € 8.2 million in 2021 compared to the same period of 2020, from € 646.4 million to € 654.6 million, thus achieving a weight of 58.3% of total consolidated Revenues. During the last two quarters of 2021 the Healthcare market showed a decreasing trend against the comparative period, which was offset by significant non-routine operations requested by hospital trusts in the first half of the year, above all following the “third wave” of the Covid-19 health emergency, specifically for cleaning, sanitization, fitting out triage areas and new Covid wards on the part of the Parent Company Rekeep, as well as the supplies of linen and bulk materials (gowns) for Covid wards and the sale of

PPE on the part of Servizi Ospedalieri and, especially, Medical Device. On the other hand, the resumption of routine work at hospitals and scheduled non-routine maintenance work that occurred especially during the third quarter of 2020 showed a new slowdown in the last quarter, in line with the evolution of the pandemic. Finally, the positive market contribution of the Polish sub-group led by Rekeep Polska was confirmed in 2021, compared to the previous year.

The Private market showed a volume growth of € 20.7 million in absolute value (+9.25%, from € 223.5 million in 2020 to € 244.2 million in the same period of 2021), which was mainly reported in the Facility Management sector and, which, in addition to benefitting from less stringent measures to contain the pandemic in 2021 than in the previous year, also took advantage of an increase in non-routine work with the customer Telecom and the commencement of hygiene and integrated services on new customers that had been acquired by subsidiary H2H Facility Solutions at the end of 2020, as well as of the extension of some contracts held by the Parent Company Rekeep in the large-scale retail trade sector.

As occurred in the Private market, the Public market also showed a recovery in volumes, thus achieving Revenues of € 223.3 million in the period, + 5.6% (+ € 11.8 million in absolute values), compared to the same period of 2020 (€ 211.5 million). In particular, the public market, which had proven to be the sector most vulnerable to the effects of the measures adopted to cope with the Covid-19 emergency in Italy, also benefitted from a less stringent lockdown in 2021 compared to the same period of the previous year and a more organized approach to the epidemic, even on the part of the main public operators. Furthermore, the Public market benefitted from an increase in the prices charged to customers under energy contracts during the last quarter of 2021, following an increase in the costs of raw materials. Finally, market volumes were still affected by the delays reported in the commencement of operations in Saudi Arabia, where the pandemic caused a postponement of the deadlines for implementing the infrastructure project in which the Group is involved for the provision of hygiene services.

Analysis of revenues by Segment

A comparison of Group Revenues by business segment is provided below. The business segments were identified on the basis of IFRS 8 and correspond to the following business areas: “Facility Management” and “Laundering & Sterilization”.

REVENUES BY SEGMENT

(in thousands of Euro)	For the year ended 31 December	For the quarter ended 31 December

	2021	% on total Revenues	2020	% on total Revenues	2021	2020
Facility Management	975,196	86.9%	919,044	85.0%	274,539	258,805
of which International markets	*156,467*	*14.0%*	*133,039*	*12.3%*	*44,582*	*33,612*
Laundering & Sterilization	150,470	13.4%	166,297	15.4%	35,898	50,803
Eliminations	(3,642)		(3,951)		(876)	(1,083)
CONSOLIDATED REVENUES	**1,122,025**		**1,081,390**		**309,562**	**308,526**

Revenues of the *Facility Management* SBU recorded an increase of € 56.2 million (+6.1%) in 2021 compared to the same period of the previous year, from € 919.0 million to € 975.2 million, boosted by the healthcare market, as well as by the public and private markets as from the second half of the financial year. In particular, the sector was still driven by requests for non-routine sanitization work required by the health emergency, which were received particularly during the "third wave", and was less affected by the adoption of restrictive measures than the previous year. Furthermore, the *Facility Management* SBU benefitted from the commencement of operations on some contracts during the second half of 2021, as well as from the already mentioned increase in the prices charged on energy contracts for integrated services.

On the other hand, revenues of the *Laundering&Sterilization* SBU decreased from € 166.3 million at 31 December 2020 to € 150.5 million at 31 December 2021, with a decrease equal to € 15.8 million (- 9.5%). The decline was mainly attributable to higher sales of PPE and the supply of bulk materials (gowns) and mattresses as requested by the hospital trusts in the comparative year, when the culmination of the first wave of the Covid-19 emergency and the feeling of uncertainty associated therewith had resulted in a significant increase in non-routine work and supplies of equipment, which continued until the "third wave" of the health emergency in early 2021, and then slowed down in the remainder of the year.

The performance of volumes in the *Laundering&Sterilization* sector described above confirmed a recovery in the relative weight of the *Facility Management* SBU on total consolidated Revenues (86.9% in 2021 against 85.0% in 2020).

EBITDA

The Group's EBITDA amounted to € 109.1 million at 31 December 2021, up by € 79.9 million compared to € 29.3 million in 2020. However, it should be noted that EBITDA expensed non-recurring costs of € 8.0 million and € 90.5 million, respectively, during the two comparative periods. Therefore, Adjusted EBITDA, excluding these non-recurring elements, amounted to € 117.2 million for the year ended 31 December 2021, against Adjusted EBITDA of € 119.7 million for the year ended 31 December 2020 (- € 2.6 million).

Below is the comparison of EBITDA by business segment for the period ended 31 December 2021 compared to the same period of 2020:

EBITDA BY SEGMENT

(in thousands of Euro)	For the year ended 31 December				For the quarter ended 31 December	
	2021	% on Revenues by segment	2020	% on Revenues by segment	2021	2020
Facility Management	74,729	7.7%	(10,161)	N.A.	22,456	(67,605)
of which International markets	*(763)*		*(14)*		*(542)*	*(3,151)*
Laundering&Sterilization	34,398	22.9%	39,431	23.7%	6,925	12,912
CONSOLIDATED EBITDA	**109,127**	**9.7%**	**29,270**	**2.7%**	**29,381**	**(54,694)**

The Facility Management sector showed EBITDA of € 74.7 million for the year ended 31 December 2021, showing an increase of € 84.9 million against a negative EBITDA of € 10.2 million in the same period of 2020. Adjusted EBITDA by segment came to € 82.2 million, showing an increase of € 2.0 million compared to € 80.1 million during the comparative period, even excluding the non-recurring items that affected the consolidated results recorded during the two comparative periods, which had an impact of € 7.4 million and € 90.3 million at 31 December 2021 and 31 December 2020, respectively, on the sector concerned.

The last quarter of 2021 saw a reduction in the negative contribution given by the *International Markets,* which was due to delays in operations concerning the contract for cleaning services within the scope of a construction project held by subsidiary Rekeep Saudi Arabia Ltd in Saudi Arabia, thanks to an agreement with the counterparty that makes it possible to cover at least part of the costs incurred during the transition phase. In International markets, 2021 still saw the positive contribution given by the Group controlled by Rekeep Polska and benefitted from the recovery of profit margins following the efficiency improvement measures put in place at the relevant central functions during the year.

EBITDA in the *Laundering&Sterilization* business segment came to € 34.4 million in 2021, showing a decline compared to the same period of 2020 (- € 5.0 million). As regards EBITDA in the segment, as well as revenues, the weight of the additional work performed to meet customers' demand in the healthcare sector became more substantial, above all in the comparative year and until the first part of 2021, at the same time as the “third wave”. The trend was also confirmed by a comparison of Adjusted EBITDA, equal to € 35.0 million, net of non-recurring costs of € 0.6 million for the year ended 31 December 2021, and € 39.6 million, net of non-recurring costs of € 0.2 million for the year ended 31 December 2020, respectively.

Costs of production

Costs of production, which amounted to € 1,012.9 million for the year ended 31 December 2021, showed a decrease of € 39.2 million in absolute terms compared to € 1,052.1 million posted for the year ended 31 December 2020 (- 3.7%).

"Other operating costs" also included, in both comparative financial years, the cost of the above-mentioned fine for to the FM4 tender (€ 0.3 million in 2021 and € 82.2 million in 2020) and therefore, net of this effect, Costs of production showed an increase in absolute value equal to € 42.7 million, in line with the trend recorded on revenues.

(in thousands of Euro)	For the year ended 31 December				For the quarter ended 31 December	
	2021	% of total	2020	% of total	2021	2020
Costs of raw materials and consumables	214,966	21.2%	191,751	19.8%	72,182	59,628
Change in inventories of finished and semi-finished products	918	0.1%	(5,087)	-0.5%	267	(3,796)
Costs for services and use of third-party assets	323,352	31.9%	342,205	35.3%	81,559	106,320
Personnel costs	460,196	45.4%	433,140	44.7%	119,967	119,873
Other operating costs	13,351	1.3%	9,533	1.0%	6,014	(442)
Capitalization of lower internal construction costs	(140)	0.0%	(1,624)	-0.2%	(63)	(565)
Costs of production	**1,012,643**	**100.0%**	**969,918**	**100%**	**279,926**	**281,018**
Competition Authority's fine for the FM4 Tender	255		82,200		255	82,200
TOTAL COSTS OF PRODUCTION	**1,012,898**		**1,052,118**		**280,181**	**363,218**

Costs of raw materials and consumables in 2021 amounted to € 215.0 million, up by € 23.2 million (+ 12.1%) compared to the value posted in same period of 2020, with an impact on total Costs of production of 21.2% at 31 December 2021 against 19.8% at 31 December 2020. Cost for fuel consumption increased in 2021 (+19.1 million), due both to the effect of the resumption of heat management and energy service activities at full working capacity, which had recorded lower business volumes in 2020, and to an increase in raw material prices, which occurred in the last months of the year. The consumption of clothing and apparel and disposable items generated by the health emergency was still significant, although it was down on the consumption reported in the same period of the previous year, when the pandemic crisis was at its height.

Furthermore, a positive change of € 0.9 million in *Inventories of finished and semi-finished products* was recognized at 31 December 2021 *(*against a loss of € 5.1 million at 31 December 2020), which however remained stable compared to the previous quarter. These consist of the inventories of products of the Group companies Medical Service S.r.l. and the newly-acquired U.Jet S.r.l., which are active in the production and sale of medical devices and PPE and their trend was closely linked to the Covid-19 health emergency.

Costs for services and use of third-party assets came to € 323.4 million at 31 December 2021, down by € 18.9 million compared to the value posted at 31 December 2020 (€ 342.2 million) and with an impact of 31.9% (35.3% at 31 December 2020) on total Costs of Production. The trend in the relative incidence of *Costs for services and use of third party assets* on the total was directly linked to production activities (third-party and professional services, as well as consortia costs), which are typically linked to the mix of services being delivered and to any possible resulting make-or-buy choices.

Personnel costs increased in absolute terms by € 27.1 million (+ 6.2%) from € 433.1 million at 31 December 2020 to € 460.2 million at 31 December 2021, with an impact on total Costs of Production which rose from 44.7% for the previous year to 45.4% at 31 December 2021.

The average number of employees in service during 2021 was equal to 27,528, while it was 28,047 in the same period of the previous year (of which 25,786 against 26,265 manual workers), showing a slight decrease. Perfectly symmetrical to what was said for costs for services, the trend in the number of Group employees, and in particular manual workers, was closely related to the mix of services in progress, as is the impact of related costs on total operating costs.

The increase recognized in 2021 was also affected by the renewal of the National Collective Labor Agreement for employees of companies providing cleaning and integrated/multi-services, which applies to the majority of the employees of the Italian companies of the Rekeep Group, was approved on 9 July 2021 and was definitively validated by the trade unions on 6 August 2021.

The new national agreement, which became effective on 1 July 2021 and will expire on 31 December 2024 (with possible extension to 2025), provided for, among other things, an increase in the minimum wage spread in tranches over the following years and replaces the previous contract, which expired in 2013.

After excluding the cost of the Competition Authority's fine, *Other operating costs* amounted to € 13.4 million at 31 December 2021, compared to € 9.5 million at 31 December 2020, showing an increase of € 0.6 million, mostly attributable to the contribution of Other operating costs relating to duties, penalties and sundry operating charges.

Operating Income (EBIT)

In 2021, Consolidated Operating Income (**EBIT**) came to € 62.2 million (equal to 5.5% of Revenues) against a negative EBIT of € 19.4 million during the same period of 2020.

EBIT for the period was affected by the above-mentioned consolidated performance in terms of EBITDA (- € 79.9 million compared to the same period of the previous year), from which must be deducted higher *amortization and depreciation* of € 1.1 million (€ 31.4 million at 31 December 2021, of which € 7.2 million relating to the amortization of Rights of Use, showing a slight increase of € 29.3 million compared to the same period of 2020), while deducting higher *write-downs of receivables* and *reversals* of € 0.3 million (€ 3.6 million in 2021) and adding lower write-downs of other assets of € 0.5 million, as well as lower *accruals to provisions for risks and charges (net of reversals)* for € 2.8 million (decreasing from € 8.2 million at 31 December

2020 to € 5.5 million at 31 December 2021, including non-recurring provisions for € 3.3 million and € 1.8 million, respectively, most of which were set aside to cover the probable risk of the parent company incurring additional costs on some contracts).

Adjusted EBIT, which recognized the same non-recurring items impacting on Adjusted EBITDA, in addition to the aforesaid non-recurring accruals, came to € 72.0 million and € 74.3 million at 31 December 2021 and at 31 December 2020, respectively, with relative profit margins (Adjusted EBIT/Revenues) equal to 6.4% and 6.9%, respectively.

Below is a comparison of Operating Income (EBIT) by business segment for the period ended 31 December 2021 and that posted in the same period in 2020:

EBIT BY SEGMENT

(in thousands of Euro)	For the year ended 31 December				For the quarter ended 31 December	
	2021	% on Revenues by segment	2020	% on Revenues by segment	2021	2020
Facility Management	47,981	4.9%	(40,649)	-4.4%	13,596	5,870
of which International Markets	*(4,546)*		*(4,038)*		*(1,595)*	*(4,373)*
Laundering&Sterilization	14,199	9.4%	21,039	12.7%	1,611	8,082
CONSOLIDATED EBIT	**62,179**	**5.5%**	**(19,430)**	**-1.8%**	**15,208**	**13,951**

EBIT in the *Facility Management* sector posted a profit of € 48.0 million (4.9% of related segment Revenues) at 31 December 2021, against negative EBIT by segment of € 40.6 million at 31 December 2020. In considering the adjusted values, which exclude non-recurring accruals in the comparative period, adjusted EBIT by segment increased from € 53.1 million at 31 December 2020 to € 57.2 million at 31 December 2021 and operating profit margins decreased from 5.8% to 5.9% at 31 December 2021.

Adjusted EBIT by segment reflected the abovementioned performance in terms of Adjusted EBITDA (+ € 2.0 million) to which must be added lower amortization and depreciation for € 0.8 million and lower write-downs of trade receivables for € 0.2 million. On the other hand, lower net accruals to provisions for future risks and charges were recognized for € 1.1 million, excluding the impact of the abovementioned non-recurring accruals for € 1.5 million.

To the negative performance in terms of EBITDA in the *Laundering&Sterilization* segment in 2021 compared to the same period of the previous year (- € 5.0 million) must be deducted, at segment EBIT level, higher *amortization and depreciation* for € 2.0 million, while must be deducted lower *write-downs of trade receivables* of less than € 0.1 million and lower *accruals to provisions and releases for future risks and charges* (against an accrual of € 0.2 million at 31 December 2020). Profit margins by segment thus came to 9.8% in terms of EBIT on related Revenues by segment at 31 December 2021 against 12.8% in 2020.

In considering non-recurring items impacting on EBITDA, Adjusted EBIT by segment amounted to € 14.8 million and € 21.2 million, respectively, in the two comparative periods.

Profit (loss) before tax from continuing operations

To consolidated EBIT must be added net income for the companies valued at equity, equal to € 1.3 million (against net charges of € 7.4 million at 31 December 2020) for the recognition of profits stated at the reporting date of the financial statements of some associated companies.

Net financial charges of € 66.7 million were also recognized (€ 41.5 million at 31 December 2020), thus obtaining a Loss before tax from continuing operations equal to € 3.3 million (against a loss of € 68.4 million at 31 December 2020).

Below is the breakdown by nature of net financial charges for the 2021 financial year and for the same period in the previous year:

(in thousands of Euro)	For the year ended 31 December		For the quarter ended 31 December	
	2021	2020	2021	2020
Dividends and income (loss) from sale of investments	1,498	5,227	746	5,080
Financial income	1,055	2,575	470	636
Financial charges	(69,681)	(50,081)	(12,878)	(12,966)
Profit (loss) on exchange rate	424	752	65	558
NET FINANCIAL CHARGES	**(66,704)**	**(41,527)**	**(11,597)**	**(6,692)**

During 2021 dividends were collected from non-consolidated companies for € 0.3 million (€ 0.4 million at 31 December 2020).

Furthermore, net capital gains from sale of non-consolidated investments were recognized for € 1.2 million, among which we must note the sale by Servizi Ospedalieri S.p.A. of the associate Fratelli Bernard S.r.l., a company specializing in industrial laundry services, of which it held an investment of 20% in the quota capital: the contract of sale was signed on 28 December 2021 for a consideration of € 2.2 million, of which an amount of € 0.3 million was deferred, achieving a net capital gain of € 0.5 million (consisting of a net capital gain of € 1.8 million recognized in the separate Financial Statements of Servizi Ospedalieri, after the net capital loss arising from the consolidation adjustments allocated to the company).

On the other hand, the Parent Company collected, in 2020, € 0.9 million as premium for yield paid for the sale of MFM Capital S.r.l. to 3i EOPF, which took place in December 2018, while on 29 December 2020 Servizi Ospedalieri S.p.A. completed the sale of an investment held in Linea Sterile S.p.A. (equal to 15% of the share capital), for a total consideration of € 3.6 million (of which € 1.5 million collected upon closing) and a capital gain from disposal of € 3.5 million.

Financial income amounted to € 1.1 million in 2021, while they amounted to € 2.6 million in the same period of 2020, following the recognition of a capital gain of € 1.2 million on the purchase of portions of the previous bond issue on the open market on the part of the Parent Company. Lower default interest from customers was also recognized for € 0.3 million compared to the previous year.

The impact of *financial charges* on the consolidated results of operations for the period was equal to € 69.7 million compared to € 50.1 million for the same period of 2020.

In early 2021, the Group completed a refinancing transaction, which entailed an early redemption of the Senior Secured Notes issued in 2017, due 2022 and a coupon at an annual fixed rate of 9% (for a nominal value of € 333.9 million at the settlement date), as well as the issue of new Senior Secured Notes due 2026 and a coupon at an annual fixed rate of 7.25% for a total amount of € 370.0 million. This transaction, which will allow in the next financial years a reduction in the weight of financial charges on results of operations (payable with a coupon on a six-monthly basis on 1 February and 1 August, as from 1 August 2021) entailed the payment of non-recurring financial charges for € 23.7 million in the first half of 2021. Specifically, the Group incurred costs related to the early redemption for € 15.0 million, on the basis of the redemption premium set in the rules of the Senior Secured Noted paid off in full. The repayment of the Notes also entailed the reversal through profit or loss for the period of the residual additional costs to the issue in 2017, accounted for according to the amortized cost method, equal to € 5.8 million. At the same time as the bond issue the Revolving Credit Facility line of € 50.0 million was repaid, which had not been drawn down at the time of the redemption, with the consequent reversal through profit or loss of the residual portion of the costs concerning this loan (initially equal to € 1.0 million), which are also amortized on a straight-line basis throughout the term of the credit facility (€ 0.3 million).

Finally, non-recurring financial charges included bank fees for the new issue of € 2.6 million.

In addition, during 2021 the newly-issued Senior Secured Notes were affected by the financial charges for the period due to: (i) the financial charges for the period accrued on the coupons, equal to € 25.3 million (€ 30.5 million in the same period of 2020 on the previous bond issue); (ii) the accrued portion of the upfront fees relating to the issue, accounted for according to the amortized cost method, which entailed financial amortization charges of € 1.4 million (€ 4.0 million at 31 December 2020 on the previous bond issue, including the write-off of the portion relating to the Notes repurchased). Furthermore, the income statement includes financial charges of € 2.3 million related to the Notes of 2017 before redemption.

At the same time as the bond issue, the Parent Company entered into a new Super Senior Revolving loan agreement for € 75.0 million, costs of which (initially equal to € 1.3 million) are also amortized on a straight-line basis throughout the term of the credit facility and generated financial charges of € 0.9 million (including commitment fees charged by banks), while they amounted to € 0.3 million on the previous Super Senior Revolving credit line in the same period of 2020, when there was a saving in commitment fees. The facility, which had not been used at the end of the 2021 financial year, was subject to four short-term

partial drawdowns in the second half-year in order to meet any possible temporary cash requirements, which entailed the charging of interest expense of € 0.2 million (against a financial cost of the previous line following the use of the total amount of € 50 million as from 23 March 2020 until 31 December 2020, equal to € 1.7 million).

Interest discount costs were also recognized for € 5.3 million during 2021, in relation to the assignments of trade receivables and VAT credits without recourse, up by € 0.8 million compared to the same period of the previous year, to be attributed to a spot assignment of non-performing loans carried out in the last quarter of the year.

Finally, foreign exchange gains of € 0.4 million were recorded at 31 December 2021, mainly linked to the fluctuations in Euro/ Turkish Lira and Polish Zloty exchange rates during the period.

Consolidated net Result for the period

From the Profit (loss) before tax from continuing operations (showing a loss of € 3.3 million) must be deducted taxes of € 17.7 million, thus obtaining a net Loss from continuing operations of € 21.0 million (a loss of € 83.0 million at 31 December 2020).

Consolidated net profit (loss) included a Profit from discontinued operations of less than € 0.1 million, against a positive balance of € 2.6 million at 31 December 2020, which was obtained following the completion of the sale of the total share capital of Sicura S.p.A. to Argos Wityu, a pan-European Private Equity fund, on 28 February 2020, which gave rise to a capital gain of € 3.1 million in the Consolidated Financial Statements, net of additional transaction costs and effects of consolidation.

Below is the breakdown of consolidated tax rate:

(in thousands of Euro)	For the year ended 31 December	
	2021	**2020**
Profit (loss) before tax from continuing operations	(3,258)	(68,396)
Competition Authority's fine for the FM4 Tender	255	82,200
Profit (loss) before tax from discontinued operations	16	2,694
Consolidated profit (loss) before tax excluding AGCM	**(2,987)**	**16,498**
Current, prepaid and deferred IRES tax	(11,969)	(9,328)
Current, prepaid and deferred IRAP tax	(5,391)	(4,562)
Tax adjustments for previous years	(384)	(733)
Tax on profit (loss) from discontinued operations	-	(125)
Total taxes	**(17,743)**	**(14,749)**
Consolidated tax rate excluding AGCM	**N.A.**	**89.4%**

As already mentioned, the Profit (loss) before tax included non-recurring financial charges of € 23.7 million correlated to the refinancing transaction carried out in the first months of 2021, which contribute to generating a Loss before tax from continuing operations of € 3.3 million.

In 2020 the Profit (loss) before tax includes a significant charge (€ 82.2 million) relating to the Competition Authority's fine for the FM4 Tender, following the developments in administrative proceedings pending during 2020, which gives rise to a Loss before tax from continuing operations of € 68.4 million.

Furthermore, during 2020, the Group recognized a Profit before tax from discontinued operations equal to € 2.7 million, including the aforementioned capital gain from sale of consolidated investments, which gave rise to a tax effect of € 0.1 million.

Finally, the Group reported a consolidated Net loss equal to € 21.0 million against a Net consolidated loss of € 80.5 million at 31 December 2020.

2.2. Analysis of the statement of financial position at 31 December 2021

The statement of Sources and Uses is reported below:

(in thousands of Euro)	31 December 2021	31 December 2020
USES		
Trade receivables and advances to suppliers	443,248	431,121
Inventories	12,743	12,921
Trade payables and contract liabilities	(413,374)	(412,849)
Net working operating capital	**42,617**	**31,193**
Other working capital elements	(150,501)	(161,427)
Net working capital	**(107,884)**	**(130,234)**
Property, plant and equipment and assets under finance leases	97,319	88,127
Rights of use for operating leases	32,646	34,415
Goodwill and other intangible assets	424,185	424,215
Investments accounted for under the equity method	9,153	9,140
Other items of non-current assets	30,857	34,012
Fixed assets	**594,160**	**589,909**
Non-current liabilities	(54,293)	(52,812)

(in thousands of Euro)	31 December 2021	31 December 2020
NET INVESTED CAPITAL	**431,983**	**406,863**
SOURCES		
Equity attributable to non-controlling interests	4,588	3,199
Equity attributable to equity holders of the Parent	46,746	69,337
Shareholders' equity	**51,334**	**72,536**
Financial indebtedness	380,649	334,327
of which fair value of call options on subsidiaries' non-controlling interests	*15,336*	*13,077*
FINANCING SOURCES	**431,983**	**406,863**

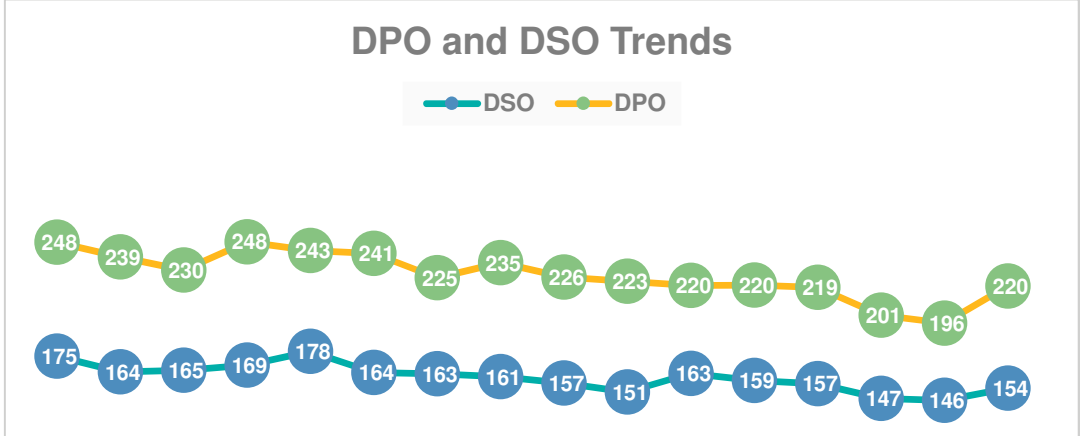
Net working capital

At 31 December 2021, Consolidated Net Working Capital (**NWC**) was negative and equal to € 107.9 million against a negative NWC of € 130.2 million at 31 December 2020.

At 31 December 2021 consolidated Net Working Operating Capital (**NWOC**), composed of trade receivables and advances to suppliers and inventories, net of trade payables and contract liabilities, was equal to € 42.6 million against € 31.2 million at 31 December 2020. Considering the balance of receivables assigned by the Group without recourse and not yet collected by the factoring agencies (equal to € 68.0 million at 31 December 2021 and € 76.8 million at 31 December 2020) the **Adjusted NWOC** came to € 110.6 million and € 108.0 million, respectively.

The change in this latter indicator (+ € 2.6 million) was mainly linked to the balance of trade receivables (+ € 3.3 million, also considering the balance of receivables assigned without recourse and not yet collected by the factoring companies) against a substantial lack of trade payables (+ € 0.6 million).

As at 31 December 2021, average DSO was 154 days, with a reduction of 5 days compared to 159 days reported at 31 December 2020. Average DPO came to 220 days, remaining unchanged compared to the value posted at 31 December 2020, thus confirming a lower use of leverage on payments to suppliers with respect to the benefits of financial flows obtained from receipts and achieving a lower level compared to the data reported on average at the end of the year.



The balance of the other elements in working capital at 31 December 2021 was a net liability of € 150.5 million, down by € 11.3 million compared to a net liability of € 161.4 million at 31 December 2020.

(in thousands of Euro)	31 December 2021	31 December 2020	Change
Current tax receivables	5,278	10,010	(4,392)
Other current assets	24,133	25,636	(1,503)
Provisions for risks and charges, current	(12,455)	(10,550)	(1,905)
Current tax payables	0	(2,274)	2,274
Other current liabilities	(167,457)	(184,249)	16,792
OTHER WORKING CAPITAL ELEMENTS	**(150,501)**	**(161,427)**	**11,266**

The change in the net liability of other working capital elements, compared to 31 December 2020 was due to a combination of factors, mainly including:

- a decrease in the net VAT credit balances of the Group companies that are predominantly subject to a VAT invoicing system based on “Split payment” and “Reverse charge” (- € 1.6 million). These credit balances allowed, during 2021, the performance of assignments without recourse of the balances on account of refund required from the Tax Authorities, for a total amount of € 28.6 million;
- an increase in the balance of net current tax receivables, equal to a net receivable of € 5.3 million at 31 December 2021 against a net receivable of € 7.7 million at 31 December 2020;
- an increase in the short-term portion of provisions for future risks and charges for € 1.9 million, in particular following non-recurring provisions for € 1.8 million.

Furthermore, the Parent Company Rekeep S.p.A. recorded a liability of € 82.2 million under "Other current liabilities" at 31 December 2020, concerning the fine imposed by the Competition Authority in relation to the Consip FM4 Tender, after the partial granting of the appeal filed by the Company. On 22 December 2020 the Revenue Agency sent the related updated installment plan, deducting the installments already paid as deposit for € 3.0 million. The amount of the debt stated in the accounts also included expected surcharges and collection costs (equal to € 2.6 million). The Company started to pay these installments on a regular basis, but it then suspended payments as a result of the application of Decree Law no. 18 of 17 March 2020, governing "Measures to strengthen the National Health Service and to provide financial support to households, workers and businesses related to the COVID-19 epidemic emergency" ("Cure Italy Decree"). In 2021 the Company resumed operations to pay monthly installments, paying part of the installments suspended during the Covid-19 emergency period, even in view of the expiry of the final deadline for the suspension of payment of amounts on the tax rolls provided for by the legislative measures issued during the emergency phase (31 August 2021), which entailed in 2021 the recognition of higher collection costs on certain installments for € 0.6 million (of which € 0.2 million stated as an increase in payables and € 0.4 thousand stated among provisions for risks and charges, due to the different probability of application of the additional charge), in addition to default interest.

Other non-current liabilities

"Other non-current liabilities" include liabilities relating to:

- defined-contribution plans for employee benefits, mainly including the Employee Termination Indemnity (TFR), equal to € 10.5 million at 31 December 2021 (€ 11.2 million at 31 December 2020);
- long-term portion of Provisions for risks and charges (€ 26.0 million at 31 December 2021 against Euro 24.8 million at 31 December 2020);
- deferred tax liabilities of € 16.4 million (€ 16.7 million at 31 December 2020);
- other non-current liabilities for € 1.4 million (less than € 0.1 million at 31 December 2020) related to payables to employees for the long-term incentive plan reserved for some top managers of the subsidiary Rekeep Polska S.A..

Consolidated financial indebtedness

The breakdown of financial indebtedness at 31 December 2021 is shown below, as determined on the basis of the instructions laid down in CONSOB Communication no. DEM/6064293 of 28 July 2006, amended as contained in Warning Notice no. 5/21 of 29 April 2021 - "*Compliance with ESMA Guidelines on disclosure requirements under the Prospectus Regulation*": under the Notice, the authority notified, as from 5 May 2021, the replacement of the references to the previous CESR Recommendations with the latest Guidelines issued by ESMA (European Securities and Markets Authority) on disclosure requirements (ESMA32-382-1138 of 4 March 2021), including the references present on the subject of net financial position, as required by the new Prospectus Regulation (Regulation (EU) 2017/1129 and EU Delegated Regulations 2019/980 and 2019/979). The breakdown

at 31 December 2021 is compared with the figures at 31 December 2020, as appropriately restated according to the new guidelines.

Consolidated financial indebtedness

The breakdown of financial indebtedness at 31 December 2021 is shown below, compared to the figures at 31 December 2020.

In 2021, Consolidated financial indebtedness increased from € 334.3 million at 31 December 2020 to € 380.6 million at 31 December 2021.

(in thousands of Euro)	31 December 2021	31 December 2020
A. Cash	160	144
B. Cash equivalents (c/a, bank deposits and consortia, non-proprietary accounts)	99,352	90,320
C. Other current financial assets	14,799	5,994
D. Liquidity (A) + (B) + (C)	**114,311**	**96,458**
E. Current financial liabilities	67,980	46,739
F. Current portion of non-current debt	14,097	3,308
G. Current financial indebtedness (E)+(F)	**82,077**	**50,048**
H. Current net financial indebtedness (G) - (D)	**(32,234)**	**(46,410)**
I. Non-current financial liabilities	49,858	52,656
J. Debt instruments	363,025	328,082
K. Trade payables and other non-current payables	0	0
L. Non-current financial indebtedness (I) + (J) + (K)	**412,883**	**380,738**
M. NET FINANCIAL INDEBTEDNESS (H) + (L)	**380,649**	**334,327**

The assignments of trade receivables without recourse continued in 2021. The Parent Company Rekeep S.p.A. and Servizi Ospedalieri S.p.A. signed a 3-year maturity factoring agreement with Bancafarmafactoring S.p.A. concerning the assignment, without recourse and on a revolving basis, of receivables claimed by the same companies from Entities in the National Health System and Public Authorities, for an amount of up to € 200 million. In 2021 assignments without recourse were made under this contract for € 104.2 million. The Parent Company also signed an additional uncommitted factoring agreement with Banca IFIS, concerning the assignment without recourse of trade receivables specifically accepted for the individual transactions carried out. Receivables from private entities and Public Authorities were assigned for € 40.7 million in the period, in consideration of this contract. Furthermore, an additional line for assignments without recourse up to € 20 million on a revolving basis is in place with Unicredit Factoring S.p.A, which is also aimed at converting credit positions into cash specifically agreed with the factor, and which was used in the period for the assignment of receivables from private individuals for a total amount €

12.9 million. Finally, there were spot assignments of trade receivables from public customers with Banca Sistema for € 38.1 million and from private companies and companies in the large-scale retail trade for € 50.6 million, as were assignments of VAT credits requested for refund for a total of € 28.6 million. All assignments without recourse carried out were subject to derecognition according to IFRS9.

The consolidated adjusted financial debt for the amount of trade receivables assigned without recourse to factoring companies, which had not been collected by the latter at the reporting date (totaling € 68.0 million at 31 December 2021 against € 76.8 million at 31 December 2020) amounted to € 448.6 million against € 411.2 million at 31 December 2020.

It should be noted that financial indebtedness also included the carrying amount of future payments discounted for operating leases for € 37.1 million and € 38.8 million at 31 December 2021 and 31 December 2020, respectively, and the financial liability related to the fair value measurement of options on the minority interest of the subsidiaries Rekeep Polska S.A. and Rekeep France S.a.S., which totaled € 15.3 million at 31 December 2021 (€ 13.1 million at 31 December 2020).

At 31 December 2021 the balance of Cash and cash equivalents, net of short-term lines of credit ("Net Cash") amounted to € 70.1 million (€ 68.8 million at 31 December 2020):

(in thousands of Euro)	**31 December 2021**	**31 December 2020**
Cash and cash equivalents	99,512	90,464
Current bank overdraft, advance payments and hot money	(6,140)	(5,950)
Obligations arising from assignments of trade receivables with recourse	(23,270)	(15,732)
NET CASH	**70,101**	**68,782**

Below is the breakdown of the net financial exposure for bank credit lines and finance lease obligations ("*Net Debt*"), compared to 31 December 2020:

(in thousands of Euro)	**31 December 2021**	**31 December 2020**
Senior Secured Notes 2022 (nominal value)	370,000	333,900
Bank debts (nominal value)	1,104	1,407
Finance lease obligations	6,991	6,426
Current bank overdraft, advance payments and hot money	6,140	5,950
Obligations arising assignments of receivables with recourse	23,270	15,732

(in thousands of Euro)	31 December 2021	31 December 2020
Payables for reverse factoring	9,963	4,629
GROSS DEBT	**417,469**	**368,044**
Receivables and other current financial assets	(14,799)	(5,994)
Cash and cash equivalents	(99,512)	(90,464)
NET DEBT	**303,158**	**271,586**

On 28 January 2021, the Parent Company Rekeep S.p.A. formalized a new Senior Secured bond issue for a total nominal amount of € 350 million. The Notes, issued at par and due 2026, have a coupon equal to an annual fixed rate of 7.25%, payable on a six-monthly basis on 1 February and 1 August, as from 1 August 2021. On 9 February 2021, the Company also issued additional Senior Secured Notes for a nominal amount of € 20 million at an issue price of 102.75%, plus an amount equal to the interest that would have accrued on the Notes until (and excluding) 9 February 2021 in the event of them being issued on 28 January 2021; these Notes are regulated by the same terms and conditions as those issued previously (annual rate of 7.25% and due 2026).

It should be noted that, at the same time as the issue of 28 January 2021, Rekeep S.p.A. finally signed a new revolving loan agreement that will ensure a senior secured line of credit ("RCF") for an amount of up to € 75 million, which was partially used during the second half of 2021 for cash requirements (if any) and already repaid.

As the same time, the Parent Company paid off the Senior Secured Notes that had been issued in 2017, with an annual coupon of 9% and due 2022, for a residual nominal amount of € 333.9 million.

Finally, there was the recognition of higher uses of credit lines for the assignment of trade receivables with recourse (€ 23.3 million at 31 December 2021 against € 15.7 million at 31 December 2020), higher uses of reverse factoring lines (€ 10.0 million at 31 December 2021 against € 4.6 million at 31 December 2020) and higher uses in current bank overdraft, advance payments and hot money (€ 6.1 million at 31 December 2021 and € 6.0 million at 31 December 2020).

The change in consolidated “Cash and cash equivalents” is analyzed in the table below, which shows the cash flows for 2021, compared with the figures for the same period of the previous year. Reference should be made to Annexes, which contain a reconciliation between the items in the table and those in the statutory schedule of the Consolidated Financial Statements presented in the Explanatory Notes according to IAS 7.

(in thousands of Euro)	2021	2020
At 1 January	**90,464**	**97,143**
Cash flow from current operations	29,301	50,748
Uses of provisions for risks and charges and payments of the	(4,539)	(6,380)

(in thousands of Euro)	2021	2020
Employee Termination Indemnity (TFR)		
Change in NWOC	(11,595)	(16,892)
Industrial capex, net of disposals	(33,843)	(33,556)
Financial capex, net of disposals	(2,603)	49,843
Change in net financial liabilities	55,370	(38,980)
Other changes	(23,043)	(11,643)
AT 31 DECEMBER	**99,512**	**90,464**

The overall cash flows mainly reflect:

- cash inflows from current operations for € 29.3 million (a cash inflow of € 50.7 million at 31 December 2020), which were significantly affected by the costs of the refinancing transaction mentioned above;
- outflows from the use of provisions for future risks and charges and of the provision for Employee Termination Indemnity (TFR) for € 4.5 million (€ 6.4 million at 31 December 2020);
- a cash flow used for changes in NWOC for € 11.6 million (€ 16.9 million at 31 December 2020) resulting from an outflow correlated to an increase in the balance of trade receivables for € 15.0 million (- € 24.5 million in 2020) and relating to the change in inventories for € 3.0 million against inflows in the balance of trade payables for € 0.3 million (+ € 13.3 million at 31 December 2020);
- a cash flow of € 33.8 million used in industrial investments (€ 33.6 million at 31 December 2020), already net of disposals of € 1.1 million (€ 0.6 million at 31 December 2020);
- a cash flow used for financial investments and disinvestments, equal to € 2.6 million at 31 December 2021, mainly relating to the acquisition of U.Jet S.r.l. on the part of subsidiary Servizi Ospedalieri for a total consideration of € 5.0 million on 1 June 2021, which was partly offset by the sale of non-consolidated investments for € 3.0 million, net of a loan granted to an associate company; inflows were equal to € 49.8 million at 31 December 2020, mainly due to the sale of Sicura S.p.A. for a consideration of € 52.7 million, net of additional transaction costs, which were followed by the acquisition of minority interests of the corporate vehicle controlling the company for € 2.0 million);
- an increase in net financial liabilities of € 55.4 million, which was mainly due to (i) the refinancing transaction mentioned above, which entailed the recognition of a higher capital debt of € 36.1 million; (ii) other changes in the liability relating to the use of short-term credit lines for hot money and advances on invoices (+ € 0.2 million) and for assignments of trade receivables with recourse (+ € 7.5 million), as well as for reverse factoring transactions (+ € 5.3 million); (iii) a higher liability recognized against factoring firms for amounts received on receivables that had been previously assigned without recourse and returned to them in the subsequent quarter (+ €4.6 million); (iv) an increase in financial liabilities recognized on operating and financial leases (- € 1.1 million); (v) the effects of the fair value adjustment of the contingent liability, at the end of the period, for put options on minority interests (+ Euro 2.3 million); (vi) the change in the balance of accrued interest (+ € 9.7 million). In 2020 there was the recognition of a decrease in net financial liabilities for € 39.0 million, which was mainly due to (i) the buy-back of Senior Secured Notes for € 15.8

million through the purchase on the open market in May 2020; (ii) a higher liability against factoring firms for the drawdown of reverse factoring lines (+ € 4.6 million); (iii) the early repayment of the residual debt of € 8.3 million of the CCFS committed credit line originally due in 2023; (iv) the payment, during the year, concerning the dividend that the Parent Company resolved to distribute in December 2019 (- € 13 million); (v) other changes in the liability related to the use of short-term credit lines for hot money and advances on invoices and for assignments of trade receivables with recourse (- € 8.9 million); (vi) a higher liability against factoring firms for amounts received on receivables previously assigned without recourse and repaid to them in the subsequent quarter (+ € 2.4 million) against higher receivables from the same firms for the bank accounts subject to pledge, on which services for receipt are operated (+ € 1.7 million); (vii) a reduction in the financial liability recognized on operating and finance leases (- € 3.6 million); (viii) a reduction in the net financial liability linked to the remaining price to be paid for the acquisition of the Polish company Rekeep Polska, recognized for € 5.0 million at 31 December 2019 and paid for € 6.1 million at 25 November 2020;

- cash outflows arising from other changes recorded in the year for € 23.0 million, mainly due to the net effect of: (i) the trend in net VAT credit balances for the Group companies, which decreased by € 1.6 million during the period, even against assignments without recourse totaling € 28.6 million; (ii) a decrease, among "Other operating current liabilities", in the payable related to the fine imposed by the Competition Authority in relation to the Consip FM4 Tender (- € 7.2 million); (iii) the changes in debt balances for payments due to the members of the Temporary Business Grouping for (+ € 4.5 million); (iv) the increase in the balance of payables to/receivables from employees and related payables to/receivables from social security institutions and Tax Authorities for withholding taxes (- € 8.7 million). Other changes in 2020 absorbed total flows of € 11.5 million, mainly due to: (i) the net effect of the cash inflow generated by the changes in the net VAT credit balance of the Group companies (which decreased by € 6.7 million during the year, even against assignments without recourse amounting to € 39.9 million); (ii) the payment of installments for € 3,0 million on the debt for the deposit relating to the AGCM FM4 litigation during the year (they were subsequently deducted in full under the updated installment plan that the Revenue Agency sent in order for the Company to proceed with the payment of the fine); (iii) the accounting effects of the recognition of contingent liabilities due to the options of purchase subsidiaries' minority shareholdings (put options), equal to € 12.3 million in the year; (iv) the trend in debt balances for payments due to the members of the Temporary Business Grouping for (- € 1.6 million).

Industrial and financial Capex

In 2021 the Group made gross capital expenditures which totaled € 34.9 million (€ 34.2 million at 31 December 2020), from which must be deducted disinvestments of € 1.1 million (€ 0.6 million in the comparative period):

(in thousands of Euro)	**For the year ended 31 December**

	2021	2020
Increases in owned properties	227	2,253
Purchase of plant and equipment	28,370	25,216
Acquisitions of fixed assets under finance leases	2,215	1,452
Other investments in intangible assets	4,110	5,264
INDUSTRIAL CAPEX	**34,923**	**34,184**

Acquisitions of plant and equipment include the purchase of linen by Servizi Ospedalieri S.p.A. for the linen rental and industrial laundering business, which requires periodic and frequent repairs, equal to € 16.4 million at 31 December 2021 against € 17.2 million at 31 December 2020. As at 31 December 2021, the item also included investments in equipment that will be used to deliver services on the new contract acquired by the subsidiary Rekeep Transport S.a.S. during the year, equal to € 1.2 million. Furthermore, there was the recognition of increases of € 1.6 million at 31 December 2020 relating to plants operated under service concession agreements for the Municipal government of Valsamoggia (Bologna) (through subsidiary Energy Saving Valsamoggia S.r.l., the majority quota of which was sold in December 2020).

Investments in intangible assets for the period amounted to € 4.1 million in the period (€ 5.3 million at 31 December 2020) and mainly related to ICT investments on the part of the Parent Company for the upgrading and enhancement of its SAP infrastructure and other systems.

Finally, investments relating to new finance leases (according to the distinction under the previously applicable IAS 17) for the period concerned the linen rental and industrial laundering operations of Servizi Ospedalieri S.p.A., of which € 1.6 million related to purchase of linen. Servizi Ospedalieri and the Parent Company Rekeep S.p.A. had invested € 1.0 million and € 0.5 million, respectively, in the previous year, according to the finance lease formula.

Below is the breakdown of capital expenditures in terms of SBU:

(in thousands of Euro)	For the year ended 31 December	
	2021	2020
Facility Management	12.,32	13,665
of which relating to International markets	*6,472*	*4,313*
Laundering & Sterilization	22,291	20,519
INDUSTRIAL CAPEX	**34,923**	**34,184**

Finally, cash flow from financial investments posted a negative value of € 2.6 million at 31 December 2021, which was generated from the net effect of the consideration for the acquisition of U.Jet S.r.l., equal to € 5.0 million, and the collection of the price for the sale of non-consolidated companies for € 3.0 million, partly absorbed by the sale of non-consolidated investments for € 3.0 million and the disbursement of a loan to a non-strategic company for € 0.3 million. Cash inflows from

investments amounted to € 49.8 million at 31 December 2020, mainly due to the net financial effects arising from the sale of di Sicura S.p.A. which entailed the collection of an amount of € 55.0 million on the closing date, net of additional costs for € 2.4 million. On the same date, Rekeep S.p.A. paid a consideration of € 2.0 million for the acquisition of 5.96% of EULIQ VII S.A., a newco with registered office in Luxembourg, which directly controls AED S.r.l..

Change in net financial liabilities

The table below shows the changes that were recorded in the period in the items making up consolidated financial liabilities:

(in thousands of Euro)	31 December 2020	Business Combinations	New loans	Repayments/ Payments	Buy-back/ Early termination	Other changes	31 December 2021
Senior Secured Notes	328,082		370,000		(333,900)	(1,157)	363,025
Revolving Credit Facility (RCF)	0		52,000	(52,000)			0
Bank loans	1,407			(303)			1,104
Current bank overdraft, advance payments and hot money	5,950		6,140	(5,950)			6,140
Accrued expenses and deferred income on loans	783			(17,225)		26,915	10,473
BANK DEBTS	**336,222**		**428,140**	**(75,478)**	**(333,900)**	**25,758**	**380,742**
Finance lease obligations	6,426		2,215	(1,651)			6,991
Operating lease liabilities	38,788	1,983	4,443	(7,135)	(963)		37,116
Payables for assignments of trade receivables with recourse	15,732		56,272	(48,734)			23,270
Payables for reverse factoring	4,629		9,963	(4,629)			9,963
Receipts on behalf of assignees of trade receivables without recourse	9,935		14,556	(9,935)			14,556

Fair value Put option/Earn Out	13,077					2,259	15,336
Other liabilities	5,976	1,472	2,148	(2,609)			6,986
FINANCIAL LIABILITIES	**430,785**	**3,455**	**517,738**	**(150,171)**	**(334,863)**	**28,018**	**494,960**
Current financial assets	(5,994)		(12,012)	3,207			(14,799)
NET FINANCIAL LIABILITIES	**424,790**	**3,455**	**505,726**	**(146,964)**	**(334,863)**	**28,018**	**480,161**

During 2021, a significant event was the refinancing transaction prepared by the Parent Company Rekeep S.p.A., which had launched the issue of Senior Secured Notes reserved for institutional investors for € 350 million on 18 January 2021; the transaction was completed on 28 January at an issue price of 100%, followed by an additional issue of Notes for € 20 million on 9 February at an issue price of 102.75% under the same terms and conditions as those issued previously, i.e. due 2026, an annual fixed coupon of 7.25% (payable on a six-monthly basis on 1 February and 1 August, as from 1 August 2021) and non-callable repayment until 1 February 2023. Therefore, the debt for principal relating to the Senior Secured Notes was equal to € 370.0 million at 31 December 2021, to which must be added the accounting adjustment on additional issue costs, accounted for according to the amortized cost method (€ 7.0 million). The financial amortization of this adjustment generated the recognition of financial costs of € 1.4 million in the 2021 financial year.

At the same time as the issue of Notes the Company also signed a new revolving loan agreement for a maximum amount of € 75 million. The facility was partially used in four separate occasions during the second half of the year in order to meet any possible temporary cash requirements, and was promptly repaid; at 31 December 2021 the RCF facility had not been drawn down. The Super Senior Revolving loan agreement provides for compliance with a financial covenant, which is preliminary to the possible use of the line granted. This financial covenant is in line with the market practice for similar financing transactions and is observed on a quarterly basis on the basis of the consolidated data relating to the last 12 months, as resulting from the financial position, results of operations and cash flows approved during the quarter prior to the date of the application for use of the credit facility.

On the other hand, the new issue allowed the repayment of the previously issued Senior Secured Notes, issued in 2017, due 2022 and with an annual fixed coupon of 9%, for an amount on account of principal of € 333.9 million, which was accounted for, according to IFRS 9, net of an adjustment for recognition of discount and additional issue cost for a residual amount of € 5.8 million, fully recycled among financial charges for the period.

Furthermore, at 31 December 2021 there was the recognition of accrued expenses on loans in a total amount of € 11.7 million (mainly related to the amount accrued on the bond coupon due 1 February 2022) and prepaid financial expenses of € 1.3 million, of which an amount of € 1.0 million relating to the remaining amount of costs to be amortized for obtaining the Revolving Credit Facility, for an initial amount of € 1.3 million and amortized on a straight-line basis throughout the entire term of the credit facility (financial charges of € 0.3 million recognized during the period).

As at the closing date of the period short-term uncommitted credit lines had been used for hot money and advance payments on invoices (in order to meet peaks in temporary cash requirements linked to the physiological performance of operations) of € 6.1 million, against a balance of € 5.9 million at 31 December 2020. Furthermore, Rekeep S.p.A. and Servizi Ospedalieri S.p.A. used credit facilities for the assignment of trade receivables with recourse in place with Banca Sistema concerning receivables from customers in the Public sector market. During 2021 assignments were made in an overall nominal amount of € 56.3 million and the facilities had been used for € 23.3 million at 31 December 2021 (€ 15.7 million at 31 December 2020). The Parent Company also entered into reverse factoring lines in order to ensure a greater amount of overdraft facilities on some major suppliers, against which a liability was stated for € 10.0 million at 31 December 2021 (€ 4.6 million at 31 December 2020).

The Group companies recorded receipts of € 14.6 million at 31 December 2021 concerning receivables included in assignments without recourse for which the respective debtors had not made any payment to the bank accounts specified by the factor. These amounts constitute a financial liability for the Group, which gave rise to the payment of said amounts at the beginning of the subsequent quarter.

The financial liability relating to the discounted value of future lease payments to be made on property and operating leases amounted to € 37.1 million at 31 December 2021 against € 38.8 million at 31 December 2020. During 2021 new agreements were entered into and rentals were revalued for a present value of € 4.4 million upon recognition, while contracts were early terminated for a remaining value of € 0.9 million. On the other hand, a residual debt was recognized against finance leases equal to € 7.0 million at 31 December 2021 (€ 6.4 million at 31 December 2020), of which an amount of € 4.1 million for properties and equipment of the Laundering&Sterilization SBU and an amount of € 2.9 million relating to the Facility Management SBU.

Furthermore, contingent liabilities were recognized under financial liabilities for the acquisition of investments for a total amount of € 15.3 million (€ 13.1 million at 31 December 2020), relating to the put option granted to the seller on the 20% minority interest under the Investment Agreement which led to the acquisition of Rekeep Polska (€ 13.4 million), in addition to the put option granted in favor of the minority shareholder of Rekeep France on the remaining 30% of the share capital (€ 1.9 million), both of which had been already recognized at 31 December 2020.

Finally, “Other financial liabilities” included loans taken out by the Group companies with non-banking counterparties.

Finally, the balance of short-term financial assets showed an increase by € 14.8 million during 2021, mainly following a short-term interest-bearing upstream loan disbursed by the Parent Company Rekeep S.p.A.to the subsidiary MSC Società di Partecipazione tra Lavoratori S.p.A. (formerly Manutencoop Società Cooperativa), on the basis of the agreement signed on 5 November 2021; this loan, which constitutes a profitable alternative for the Parent Company to use available cash, had been used at the end of the period for € 10.0 million in order to meet peaks in temporary cash requirements linked to the routine work of the parent company, has a term of one year and accrues interest at 3-month EURIBOR plus spread.

At the end of the period, financial assets also included the balance of the current accounts subject to pledge used within the scope of the aforementioned agreements for the assignment of trade receivables without recourse, for which the parent company Rekeep S.p.A. manages the collection service (€ 2.5 million). Residual receivables on the sale of investments of Servizi Ospedalieri S.p.A. were recognized for € 1.3 million, of which an amount of € 0.2 million in relation to the sale of the

associate Fratelli Bernard S.r.l., which took place on 28 December 2021, and an amount of € 1.1 million in relation to the sale of Linea Sterile S.r.l., a non-strategic investment sold on 29 December 2020 for a total consideration of € 3.6 million (of which € 1.5 million collected upon closing and € 1.1 million collected during 2021).

2.3. Financial ratios

The main financial ratios for 2021, calculated at consolidated level, compared with the same ratios recorded for 2020, are reported below.

The financial data used to calculate these ratios are "normalized", i.e. net of the operating cost for the Competition Authority's fine on the FM4 tender and financial charges incurred for the refinancing transaction, which are non-recurring and the significant amount of which is considered distorting for the assessment of the Company's ongoing results for 2020 and 2021, respectively.

	2021	2020
ROE	1.9%	-0.6%
ROI	14.5%	12.6%
ROS	5.6%	5.8%

ROE (Return on Equity) provides a summary measurement of the return on capital invested by shareholders. The ratio reflects a normalized consolidated Net profit in 2021, which was also affected by other non-recurring costs mentioned in the previous paragraphs. On the other hand, there was a reduction in the Equity reserves due to the allocation of the Consolidated profit (loss) for the previous year (a loss of € 83.2 million) to reserves.

ROI (*Return on Investments*) provides a summary measurement of the operating return on capital invested in a business. The performance reflects a decrease in the Group's gross Invested Capital (- € 25.1 million) against a normalized EBIT for the year which remained substantially unchanged (€ 62.4 million and € 62.8 million in 2021 and 2020, respectively).

ROS (*Return on sales*) provides a summary measurement of the Group's ability to convert turnover to EBIT and stood at 5.6% in 2021 compared to 5.8% in 2020, against a positive change in turnover (+ 3.8% compared to 2020), while normalized EBIT was in line with the figure posted in the previous year.

	2021	2020
Current ratio (Current liabilities / Current Assets)	0.90	0.89

	2021	2020
Ratio of financial charges to turnover (Financial charges / Revenues)	6.2%	4.6%
Capital adequacy ratio (Equity / Total Payables)	4.7%	7.0%
Liquid return ratio of assets (Cash flow / Total Assets)	1.9%	4.7%
Social security and tax debt ratio (Social security debt / Revenues)	13.6%	15.1%

The general liquidity ratio (current ratio) represents the ratio of current assets to current liabilities and expresses the company's ability to cover current outflows (i.e. current liabilities) with current income (i.e. current assets). The ratio was substantially unchanged compared to 2020 and was affected by the recognition in current liabilities of the notice of payment for the fine for the FM4 tender, which decreased during 2021 following the resumption of payment of installments (- € 7.2 million compared to 2020).

The recognition of non-recurring costs linked to the refinancing transaction (€ 23.7 million) in 2021, in addition to the recognition of the significant cost relating to the FM4 fine (€ 82.2 million) in 2020 also entailed an operating loss in the two periods which reduced the Consolidated Equity, thus affecting the Capital Adequacy ratio.

For the same reason described above, the ratio of financial charges to turnover too showed an increase in 2021 from 4.6% at 31 December 2021 to 6.2% at 31 December 2020, while there was a decrease in the liquid return ratio of assets (1.9% at 31 December 2021 against 4.7% at 31 December 2020), which however remained in line with industry average.

	2021	2020
Indebtedness ratio	0.89	0.83
Medium/Long-term indebtedness ratio	0.97	0.94

The indebtedness ratio, which is the ratio of net debt to the sum of net debt and own equity, stood at 0.89 at 31 December 2021, showing an increase compared to the previous year, against a more than proportional increase in the Financial indebtedness compared to a decrease in Equity following the consolidated net losses posted in the last two financial years, affected by the significant events that have been already described above.

The medium/long-term indebtedness ratio, expressed as the ratio of consolidated financial liabilities to total sources of funding, increased from 0.94 in 2020 to 0.97 in 2021, thus reflecting an increase of € 21.1 million in the balance of medium/long-term

loans (mainly following the execution of new Senior Secured Notes at an interest rate lower than previous ones) and a total decrease in sources of funding, and in particular in Equity.

Productivity ratios

The growing diversification of services provided by the Group companies entails a mix of work carried out by employees ("internal" workers) and work carried out by third parties ("external" workers). It can also vary significantly depending on the organization/economic choices made in order to maximize overall productivity.

	2021	2020	2019 Restated
Turnover/internal and external personnel costs	1.56	1.53	1.46
Make ratio	63.9%	61.4%	61.4%

The ratio between *Revenues from sales and services* and the total amount of costs for internal and external personnel used in production (cost of employed workers, cost of external workers, services provided by consortia and professional services) came to 1.56 in 2021 (1.53 in 2020). The ratio reflects the growth in sales volumes (+3.8% compared to 2020) against a different mix of composition of operating costs (and in particular in the weight of costs for "internal" personnel", which vary in a way that is not entirely proportional compared to changes in turnover).

The "make ratio", i.e. the ratio between the cost of internal labor ("make") and the cost of services provided by third parties, services provided by consortia and professional services, showed a slight increase in 2021 which indicates the greater recourse to internal production factors than to purchasing services from external sources, linked to the mix of contracts in the backlog.

3. ANALYSIS OF THE PERFORMANCE OF OPERATIONS AND OF THE FINANCIAL POSITION OF THE PARENT COMPANY REKEEP S.P.A.

The Group's head office functions are developed around its Parent Company, in which the main facility management activities were centralized in the past, which are now coupled with more specialist and industry-based activities carried out by investee companies.

3.1 Economic results in 2021

The main income data of the Parent Company Rekeep S.p.A. for the year ended 31 December 2021, as well as a comparison with the figures from the previous year.

(in thousands of Euro)	For the year ended 31 December		Change
	2021	2020	
Revenues	685,443	677,063	8,381
Costs of production	(622,722)	(693,338)	70,617
EBITDA	**62,722**	**(16,276)**	**78,998**
Amortization, depreciation, write-downs and write-backs of assets	(15,550)	(27,966)	12,416
Accrual of provisions for risks and charges	(3,707)	(6,164)	2,456
Operating Income (EBIT)	**43,465**	**(50,406)**	**93,871**
Income (charges) from investments	11,988	20,943	(8,955)
Net financial charges	(59,508)	(38,556)	(20,952)
Profit before taxes	**(4,056)**	**(68,019)**	**63,963**
Income taxes	(8,749)	(9,035)	286
Profit (loss) from continuing operations	**(12,805)**	**(77,054)**	**64,249**
Profit (loss) from discontinued operations	16	10,655	(10,639)
NET RESULT	**(12,789)**	**(66,399)**	**53,610**

In 2021 Revenues recorded an increase compared to the value posted in 2020 (+ € 8.4 million).

The controlling company Rekeep S.p.A. guarantees the Group a substantial portion of consolidated results (about 61% of consolidated Revenues), internally developing operational structures for the traditional business of facility management, as well as administrative and technical functions for most of other Group companies as well as the Parent Company itself.

More than 50% of the Company's activities consist of the provision of essential healthcare services, to which must be added customers as Public Entities (Schools, public offices, ministries etc.), as well as large-scale retail trade and telecommunications customers.

The performance in terms of revenues recorded by the Parent Company was still affected, for the comparative year and until the first half of 2021, by the health emergency due to the COVID-19 epidemic: with the consequent downsizing (and blocking in the first part of 2020) of all non-essential services, on the one hand and, on the other hand, the demand for requests for extra services and supplies (extraordinary sanitization and cleaning, fitting out hospital wards, non-routine maintenance work mainly in the healthcare sector). On the other hand, the second-half of 2021 saw the start of operations, at full working capacity, on the contracts acquired during 2020 (e.g. the extension of agreements with large-scale retail trade) and the price effect on heat management contracts, for which there was an increase in the price charged to the customer due to the higher cost incurred for energy procurement.

The Company's EBITDA for 2021 amounted to € 62.7 million, against a negative value of € 16.3 million in 2020. The Profits/(Losses) for the 2021 financial year included non-recurring items for € 4.5 million, while The Profits/(Losses) for the 2020 financial year were significantly impacted by the recognition of the cost relating to the Competition Authority's fine for the FM4 tender (€ 82.2 million), as well as by other non-recurring costs of € 4.9 million. After excluding these non-recurring elements from the relevant values, Adjusted EBITDA for the year came to € 67.2 million at 31 December 2021, against Adjusted EBITDA of € 70.9 million at 31 December 2020, showing a decrease in terms of operating profit margins that was mainly due to the impact of two factors: (i) an increase in personnel costs due to the renewal of the National Collective Labor Agreement for employees of companies providing cleaning and integrated/multi-services with effect from 1 July 2021; (ii) an increase in fuel costs as a result of the generalized rise in the price of raw materials.

The remarks concerning the Group's income performance, in fact, are fully borne out in Rekeep S.p.A., since the profit margin performance described more generally for the facility management segment was even more evident in the Parent Company. The Parent Company contributed to consolidated EBITDA for about 60% in 2021.

As regards operating costs, there were higher *Costs of raw materials and consumables* for € 27.0 million following the already mentioned increase in fuel costs, lower *Costs of services* for € 21.1 million against higher *Personnel costs* for € 4.5 million. The trend recorded on revenues also reflects production costs, although with a different performance in the various cost items (due to a different mix of services rendered) and in a non- proportional manner, partly because of a well-established cost efficiency policy which was applied in support of profit margins as early as in previous years.

The average number of employees that worked for Rekeep S.p.A. during 2021 was equal to 11,923 units, of which 278 were provided by MSC Società di Partecipazione tra Lavoratori S.p.A. (12,290 employees in the previous year, of which 305 were provided by MSC Società di Partecipazione tra Lavoratori S.p.A.). As stated for costs for services and consumption of materials, the number of employees, and specifically of manual workers, is closely linked to the mix of services that are in the process of being performed.

In 2021 **EBIT** posted a positive value of € 43.5 million against a negative EBIT of € 50.4 million in 2020. *Amortization and depreciation* amounted to € 11.8 million in 2021 against € 12.8 million at 31 December 2020, of which an amount of € 5.3 million relating to amortization of intangible assets (€ 6.4 million at 31 December 2020) and € 6.5 million relating to depreciation of property, plant and equipment (€ 6.4 million at 31 December 2020), which included amortization on right of use for € 5.0 million in 2021 and € 4.9 million in 2020, respectively.

Net write-downs of trade receivables amounted to € 3.3 million (€ 2.6 million at 31 December 2020) and included some specific write-downs concerning pending disputes. Write-downs for € 0.5 million were also recognized on other current assets in 2020.

Furthermore, during 2021 we must note *write-downs of equity investments* of € 0.5 million, which were mainly related to the adjustment to the write-down of the investment in subsidiary Yougenio S.r.l. in liquidation, already written down in 2020, when the losses reported on some projects started in Middle East markets had also led to a partial write-down of the subsidiary Rekeep World S.r.l. (total cost equal to € 12.0 million at 31 December 2020).

Finally, provisions for future risks and charges (net of reversals) of € 3.7 million were recognized at 31 December 2021 (€ 6.2 million at 31 December 2020) which included a non-recurring provision for future additional costs on some contracts in both

comparative years (€ 1.5 million at 31 December 2021 and € 3.3 million at 31 December 2020), in addition to the provision for probable surcharges on some installments of the notice of payment for the Competition Authority's fine (€ 0.4 million at 31 December 2021).

For the year ended 31 December 2021 **Adjusted EBIT** then came to € 49.8 million (equal to 7.3% in terms of profit margins relating to the Revenues for the year) against € 40.0 million at 31 December 2020 (equal to 5.9% of related Revenues).

To EBIT must be added Dividends and net income from equity investments amounting to € 12.0 million, compared to a balance of € 20.9 million in the previous year. This item mainly includes dividends collected from investee companies, as detailed below:

(in thousands of Euro)	Year ended 31 December	
	2021	**2020**
Servizi Ospedalieri S.p.A.	8,840	18,000
H2H Facility Solutions S.p.A.	0	2,000
Telepost S.r.l.	2,000	0
MFM Capital S.r.l.	69	225
Other minor dividends	223	264
DIVIDENDS	**11,132**	**20,489**

Net capital gains from sale of non-strategic equity investments for € 0.9 million were also accounted in 2021, while net capital losses from sale of equity investments had been accounted for € 0.4 million in 2020, due to the sale of Energy Saving Valsamoggia S.r.l. to MFM Capital S.r.l., in addition to an income of € 0.9 million relating to the collection of the premium-for-yield amount to be paid on the disposal of MFM Capital S.r.l. to the 3i EOPF fund, which had not been recognized at the same time as the sale since it was linked to uncertain and unforeseeable future events that occurred only during the 2020 financial year.

Financial income decreased by € 1.2 million compared to the previous year, when there was the recognition of capital gains equal to € 1.2 million on the purchase of portions of the previous bond issue on the open market for a total nominal amount of € 15.8 million.

The impact of *financial charges* on the Company's results of operations was equal to € 63.8 million, with an increase equal to € 19.8 million compared to € 44.0 million in 2020. As already reported, in early 2021, Rekeep S.p.A. completed a refinancing transaction, which entailed an early redemption of the Senior Secured Notes issued in 2017, due 2022 and a coupon at an annual fixed rate of 9% (for a nominal value of € 333.9 million at the settlement date), as well as the issue of new Senior Secured Notes due 2026 and a coupon at an annual fixed rate of 7.25% for a total amount of € 370.0 million. This transaction,

which will allow in the next financial years a reduction in the weight of financial charges on results of operations (payable with a coupon on a six-monthly basis on 1 February and 1 August, as from 1 August 2021) entailed the payment of non-recurring financial charges for € 23.7 million in the first half of 2021, broken down into: (i) costs related to the early redemption for € 15.0 million, on the basis of the redemption premium set in the rules of the Senior Secured Noted paid off in full; (ii) reversal through profit or loss for the period of the residual additional costs to the issue in 2017, accounted for according to the amortized cost method, equal to € 5.8 million i; (iii) reversal through profit or loss of the residual portion of the costs concerning the previous Revolving Credit Facility (initially equal to € 1.0 million), which are also amortized on a straight-line basis throughout the term of the credit facility (€ 0.3 million); (iv) bank fees for the new issue of € 2.6 million.

In addition, the newly-issued Senior Secured Notes were affected by the financial charges for the period in relation to: (i) interest accrued on the coupons, equal to € 25.3 million (€ 30.5 million in the same period of 2020 on the previous bond issue); (ii) the accrued portion of the upfront fees relating to the issue, accounted for according to the amortized cost method, equal to € 1,4 million (€ 4.0 million at 31 December 2020 on the previous bond issue, including the write-off of the portion relating to the Notes repurchased); (iii) amortization charge on costs incurred (initially equal to € 1.3 million) for the execution of the Super Senior Revolving facility at the same time of issue for € 0.9 million, including commitment fees charged by banks (€ 0.2 million at 31 December 2020); (iv) interest expense on the four short-term partial drawdowns of the same facility which took place in the second half-year for € 0.2 million (€ 1.7 million at 31 December 2020, when the facility was used for about 2 half-years).

Furthermore, the income statement includes financial charges of € 2.3 million relating to the Notes of 2017 before redemption.

Finally, interest discount costs were recognized in relation to the assignments of trade and VAT receivables without recourse for € 3.9 million in 2021 (€ 3.1 million at 31 December 2020), including non-recurring charge related to a spot assignment of non-performing loans carried out in the last quarter of the year (€ 1.3 million).

From the profit before taxes must be deducted taxes of € 8.7 million (€ 9.0 million at 31 December 2020), thus obtaining a *Net loss* of € 12.8 million (against a *Net loss* of € 77.1 million at 31 December 2020). Below is the breakdown of the tax rate for the year:

(in thousands of Euro)	For the year ended 31 December	
	2021	**2020**
Profit before taxes	**(4,056)**	**(68,019)**
Competition Authority's fine for the FM4 Tender	255	82,200
Profit before taxes excluding the Competition Authority's fine	**(3,801)**	**14,181**
Current, prepaid and deferred IRES tax, including income and expenses from Tax consolidation	(4,969)	(4,903)
Current, prepaid and deferred IRAP tax	(3,558)	(3,313)
Tax adjustments for previous years	(222)	(819)
Income taxes	**(8,749)**	**(9,035)**

(in thousands of Euro)	For the year ended 31 December	
	2021	2020
Tax rate from continuing operations	**N.A.**	**63.7%**
Profit (loss) before tax from discontinued operations	(16)	10,789
Tax on profit/(loss) from discontinued operations	0	(134)
Total Tax rate	**N.A.**	**36.7%**
Net profit (loss)	**(12,789)**	**(66,399)**

As already mentioned, the Profit (loss) before tax was negative and equal to € 4.1 million at 31 December 2021 while it was negative and equal to € 68.0 million as a result of the significant cost for the fine imposed by the Competition Authority (€ 82.2 million) relating to the administrative proceedings which were still in progress. Furthermore, during 2020, the Company recognized a Profit before tax from discontinued operations equal to € 10.8 million, including the aforementioned capital gain from the sale of the investment in Sicura S.p.A., which gave rise to a tax effect of € 0.1 million.

Compared to the previous year the Company recognized lower current, prepaid and deferred taxes for € 0.2 million against a Profit (loss) before tax (excluding the Competition Authority's fine), showing a deterioration of € 18.0 million, mainly due to the impact of non-recurring financial charges related to the refinancing transaction in 2021.

Finally, the Company reported a Net loss equal to € 12.8 million against a Net loss of € 66.4 million at 31 December 2020.

3.2 Statement of financial position

The table below reports the Sources and Uses:

(in thousands of Euro)	31 December 2021	31 December 2020
USES		
Trade receivables and advances to suppliers	286,311	286,271
Inventories	351	517
Trade payables and contract liabilities	(274,744)	(274,681)
Net working operating capital	**11,917**	**12,106**
Other working capital elements	(124,339)	(130,929)
Net working capital	**(112,422)**	**(118,823)**
Property, plant and equipment and assets under finance leases	8,531	7,978
Rights of use for operating leases	23,878	26,711

(in thousands of Euro)	31 December 2021	31 December 2020
Intangible assets	342,683	344,479
Investments	139,925	114,153
Other non-current assets	54,677	50,084
Fixed assets	**569,695**	**543,405**
Non-current liabilities	(38,476)	(39,891)
NET INVESTED CAPITAL	**418,797**	**384,691**
SOURCES		
Shareholders' equity	86,537	99,920
Net financial indebtedness	332,260	285,471
TOTAL FINANCING SOURCES	**418,797**	**384,691**

Net working capital

Net working capital (**NWC**) posted a loss of € 112.4 million at 31 December 2021, with a decrease in absolute value equal to € 6.4 million compared to the net liability posted at 31 December 2020 (€ 118.8 million).

Net working operating capital (**NWOC**), composed of Trade receivables and advances to suppliers and inventories, net of trade payables and contract liabilities, stood at € 11.9 million at 31 December 2021, while it was equal to € 12.1 million at 31 December 2020. The balance of Trade Receivables and advances to suppliers increased by € 0.1 million, while Trade payables and contract liabilities showed an increase of € 0.1 million. The Company made assignments of trade receivables without recourse to Factors for € 182.6 million in the year, while the balance of receivables assigned and not yet collected by the latter at the reporting date amounted to € 50.3 million (€ 52.0 million at 31 December 2020). The **Adjusted NWOC** came to € 62.2 million and € 64.1 million, respectively, during the two years under comparison.

The balance of Other elements in working capital at 31 December 2021 consisted of a net liability of € 124.3 million (€ 130.9 million at 31 December 2020):

(in thousands of Euro)	31 December 2021	31 December 2020	Change
Current tax receivables	4,310	7,753	(3,443)
Other current assets	10,762	12,385	(1,623)
Provisions for risks and charges, current	(10,374)	(8,701)	(1,673)
Current tax payables	(35)	(259)	224
Other current liabilities	(129,002)	(142,108)	13,105
OTHER ELEMENTS IN WORKING CAPITAL	**(124,339)**	**(130,929)**	**6,590**

The change in the net liability was attributable to a combination of various factors, mainly including:

- a reduction in the debt for the Competition Authority's fine, equal to € 72.2 million at 31 December 2021 (€ 79.4 million at 31 December 2020);
- the recognition of lower net income tax receivables of € 3.4 million compared to the previous year;
- an increase in the short-term portion of provisions for risks and charges of € 1.7 million;
- the recognition of lower net VAT receivables for € 0.1 million (€ 0.5 million in both period under comparison).

Fixed assets

Fixed assets include the following main items:

(in thousands of Euro)	31 December 2021	31 December 2020	Change
Property, plant and equipment and assets under finance leases	8,531	7,978	554
Rights of use on operating leases	23,878	26,711	(2,833)
Intangible assets	16,262	18,058	(1,796)
Goodwill	326,421	326,421	0
Equity investments in subsidiaries, associates and joint-ventures	139,925	114,153	25,772
Other investments	7,109	7,010	99
Non-current financial assets	35,324	29,207	6,118
Other non-current assets	2,377	2,708	(330)
Deferred tax assets	9,867	11,160	(1,293)
FIXED ASSETS	**569,695**	**543,405**	**26,290**

The most substantial changes concerned:

- an increase of € 25.8 million in the balance of "Equity investments in subsidiaries, associates and joint-ventures", against write-downs of investments of € 0.5 million in 2021, mainly related to subsidiary Yougenio S.r.l. in liquidation and increases for payment on account of capital of € 25.0 million related to subsidiary Rekeep World S.r.l.. During the year Rekeep also acquired the minority interest in the subsidiary Cefalù Energia S.r.l. for 0.1 million, with subsequent establishment of a reserve on account of capital for € 0.9 million;
- an increase in non-current financial assets of € 6.1 million following an increase in the portion of the subordinated loan granted to the subsidiary Servizi Ospedalieri for € 6.0 million;
- a reduction in the net book value of the "Rights of use", recognized against the agreements concerning property leases and the long-term hire for the motor vehicles of the corporate fleet. During the year increases of € 2.7 million were recorded

for new agreements and ISTAT index adjustments, of which an amount of € 2.2 million for the corporate fleet, in addition to decreases for early withdrawal for € 0.6 million and amortization allowances for € 5.0 million.

Other non-current liabilities

"Other non-current liabilities" include liabilities relating to:

- TFR (employee benefits), equal to € 4.3 million and € 5.6 million at 31 December 2021 and 31 December 2020, respectively;
- long-term portion of provisions for future risks and charges equal to € 22.7 million at 31 December 2021 and € 22.0 million at 31 December 2020);
- deferred tax liabilities of € 11.4 million (€ 12.3 million at 31 December 2020).

Financial indebtedness

The Parent Company's financial indebtedness at 31 December 2021 and at 31 December 2020 is reported below:

(in thousands of Euro)	31 December 2021	31 December 2020
Long-term financial liabilities	385,788	354,928
Bank borrowings and current portion of long-term debt	52,912	30,497
GROSS FINANCIAL INDEBTEDNESS	**438,700**	**385,425**
Cash and cash equivalents	(47,897)	(53,823)
Other current financial assets	(58,543)	(46,131)
FINANCIAL INDEBTEDNESS	**332,260**	**285,471**

Financial indebtedness amounted to € 332.3 million at 31 December 2021, against € 285.4 million at 31 December 2020. The figure relating to the adjusted financial debt, which includes the balance of trade receivables assigned to the factor without recourse and not yet collected on the reporting date (€ 50.3 million at 31 December 2021 and € 52.0 million at 31 December 2020) increased from € 337.5 million at 31 December 2020 to € 382.6 million at 31 December 2021.

During 2021, a significant event was the refinancing transaction prepared by Rekeep S.p.A. with the issue of new Senior Secured Notes reserved for institutional investors for € 370 million, to which must be added the accounting adjustment on additional issue costs, accounted for according to the amortized cost method (€ 7.0 million), in addition to the repayment of the previously issued Senior Secured Notes, issued in 2017, for an amount on account of principal of € 333.9 million, net of an adjustment for recognition of discount and additional issue costs for a residual amount of € 5.8 million.

Furthermore, at 31 December 2021 there was the recognition of accrued expenses on loans in a total amount of € 11.7 million, mainly relating to the amount accrued on the bond coupon due 1 February 2022 (€ 1.3 million at 31 December 2020).

Finally, during 2021 there was an increase in short-term financial assets for € 12.4 million, mainly due to a short-term interest-bearing loan granted by Rekeep S.p.A. to the parent company MSC Società di Partecipazione tra Lavoratori S.p.A. (formerly Manutencoop Società Cooperativa), which had been used for e 10.0 million at the end of the period to meet temporary peaks in cash requirements linked to the routine work.

Industrial Capex

In 2021 industrial capex incurred by the Company totaled € 5.6 million against disinvestments of less than € 0.1 million (€ 0.1 million at 31 December 2020):

(in thousands of Euro)	For the year ended 31 December	
	2021	2020
Acquisition of plant and machinery	2,084	1,631
Acquisition of plant and machinery under finance leases	0	476
Other investments in intangible assets	3,503	3,938
INDUSTRIAL CAPEX	**5,586**	**6,045**

3.3 Reconciliation of shareholders' equity and profit (loss) for the year of the Parent Company with corresponding consolidated figures

(in thousands of Euro)	31 December 2021		31 December 2020	
	Profit (loss) for the year	Shareholders' equity	Profit (loss) for the year	Shareholders' equity
SHAREHOLDERS' EQUITY AND PROFIT (LOSS) FOR THE YEAR AS SHOWN IN THE FINANCIAL STATEMENTS OF THE PARENT COMPANY	**(12,789)**	**86,537**	**(66,399)**	**99,920**
- Elimination of consolidated equity investment values	(161)	(179,951)	(5,161)	(147,574)
- Accounting of Shareholders' Equity to replace the values eliminated		65,497		51,279
- Allocation to consolidation difference		57,922		55,538
- Allocation of tangible assets				

(in thousands of Euro)	31 December 2021		31 December 2020	
	Profit (loss) for the year	Shareholders' equity	Profit (loss) for the year	Shareholders' equity
- Recognition of financial costs on options	(2,154)	(2,154)	(507)	(507)
- Dividends distributed to Group companies	(14,369)		(20,000)	
- Profit generated by consolidated companies	(5,561)	(5,561)	(376)	(376)
- Associates and Joint ventures valued at equity	226	2,412	(71)	1,935
- Tax effects on consolidation adjustments	28	(135)	(3)	(163)
- Reversal of statutory write-downs	12,190	22,182	9,304	9,992
- Other consolidation adjustments	3	(2)	59	(6)
Total consolidation adjustments	**(9,798)**	**(39,791)**	**(16,755)**	**(29,883)**
Shareholders' equity and profit (loss) for the year pertaining to the ParentCompany	**(22,588)**	**46,747**	**(83,154)**	**69,336**
Shareholders' equity and profit (loss) for the year pertaining to Minority Interests	1,603	4,587	2,703	3,199
SHAREHOLDERS' EQUITY AND PROFIT (LOSS) FOR THE YEAR AS SHOWN IN THE CONSOLIDATED FINANCIAL STATEMENTS	**(20,985)**	**51,334**	**(80,451)**	**72,356**

4. INTERNAL CONTROL SYSTEM AND RISK FACTORS

The Internal Control System is the set of rules, procedures and organizational units for the identification, measurement, management and monitoring of risks.

Rekeep S.p.A. has adopted a compliant and integrated Internal Control System in order to safeguard the company's assets, achieve the company's objectives with appropriate strategies and create value for all the stakeholders of the Company and the Group as a whole.

The Internal Control System, which is set out according to national and international best practices, is structured into the following three levels of control:

- 1st level: the operating functions (process owners) identify and assess the risks within the processes under their competence and define specific corrective actions to manage them;
- 2nd level: the functions in charge of risk control (e.g. Compliance, Supervisory Board, etc.) set out methodologies and tools for risk management, carry out monitoring activities and provide support to the 1st level functions;
- 3rd level: the Internal Audit function provides independent assessments of the functioning of the entire system.

In particular, the bodies which perform control functions limited to compliance with national and international laws and company rules include:

- Internal Audit & Antitrust Compliance Office;
- the “Organismo di Vigilanza (ODV)” – Supervisory Board, pursuant to Legislative Decree 231/2001.

Internal Audit & Antitrust Compliance Office control activities

The Internal Audit & Antitrust Compliance function plays a key role in the review and evaluation of the Internal Control System and contributes to spreading the culture of internal control and corporate risk management. The latter is not responsible for any operational area, thus complying with the independence requirement, and reports hierarchically and functionally to the Chairman of the Board of Directors. More specifically, the function:

- verifies whether the Internal Control System is operational and adequate;
- has access to any and all information necessary to perform its duties;
- interfaces with the other players in the Internal Control System (e.g. Board of Directors, Management, Supervisory Board, Ethics Committee, Independent Auditors, Board of Statutory Auditors, etc.).

Supervisory Board’s activities under Legislative Decree 231/2001

The Supervisory Board of Rekeep S.p.A. ("OdV"), which is composed of professionals who possess specific skills and experience in the subject matter of the assignment, evaluates the actual application of the Organizational, Management and Control Model under Legislative Decree 231/2001 and compliance with the principles laid down therein, with the support of third-party professionals who are expert in Risk & Compliance Services.

The Supervisory Board at 31 December 2021 was composed of:

- two third-party professionals, in the persons of Marco Strafurini and Giuseppe Carnesecchi;
- an internal member, in the person of Pietro Testoni, who also took on the position of Chairman of the Board itself.

The Board meets at least quarterly and operates according to two reporting lines:

- the first one, on an ongoing basis, directly with the Chairman of the Board of Directors and Chief Executive officer;
- the second one, on a six-monthly basis, through a written report on its work addressed to the Board of Directors and the Board of Statutory Auditors.

Moreover, the Supervisory Board: i) meets periodically with the other Control Bodies, including, but not limited to, the Board of Statutory Auditors, the Independent Auditors, the Head of Internal Audit & Antitrust Compliance, for the purposes of a mutual exchange of information, thus ensuring an integrated and synergic relationship between the players of the Internal Control System; ii) holds hearings with specific Functions involved from time to time.

The control activities carried out by the Supervisory Board are summarized in a "Work Plan", which is formally prepared and approved by the Board itself. This document is updated annually on the basis of the findings of previous control activities and any variations in the internal and external environment.

The Team of third-party consultants who carry out periodic audits, on behalf of the Supervisory Board, has access to all company documents, and their control activities are supported by an IT platform, which allows an appropriate archiving and traceability of any work performed.

Other risk factors

As regards business risks, the main risks linked to the market in which the Group operates (market risks), to the unique activities performed by Group companies (operating risks) and financial risks, are shown below in addition to the risks identified in the current Group's internal control framework (mapping of sensitive activities under Legislative Decree 231/2001, assessment of the Antitrust risk, etc.).

Risks related to competition

The market in which the Group operates is characterized by increasing competitiveness due to the business combination processes underway between operators already equipped with significant organizations in the market of reference and able to develop models for the provision of the service mainly geared towards minimizing prices for the customer. Over recent years, this has led to an increasingly tight competitive context which will probably continue in the future too.

Financial risks

Concerning financial risks (liquidity, credit, interest rate, exchange rate and price risks) the Group deals with in its operations and how they are managed, the subject is discussed in detail under note 36 in the explanatory Notes to the Consolidated Financial Statements, to which reference should be made.

5. ORGANISATIONAL MODEL PURSUANT TO LEGISLATIVE DECREE 231/2001

On 16 April 2021, the Organizational, Management and Control Model under Legislative Decree 231/2001 of Rekeep S.p.A. was updated following the latest regulatory guidelines in the matter of the administrative liability of Entities and changes in corporate governance.

Following the extension of the list of offences included in the Decree, the sensitive areas affected by the legislative developments have been identified, the corporate functions to be involved have been appointed and, through specific interviews, the mapping of sensitive activities has been updated, where the following have been associated: potential opportunities for the commission of offences, corporate functions involved, related offences and specifically weighted drivers.

Rekeep S.p.A. encourages and promotes the adoption of Organizational, Management and Control Models on the part of the Group Companies, since they provide for policies and measures that are aimed at: i) ensuring that activities are carried out in compliance with the law; ii) identifying and removing risk situations; iii) imposing sanctions for any instance of non-compliance with the provisions laid down in the document.

6. ANTITRUST CODE OF CONDUCT

On 23 February 2017 the Board of Directors of Rekeep S.p.A. resolved to adopt the "Antitrust Compliance Program" and subsequently approved an "Antitrust Code of Conduct of the Rekeep Group", aimed at spreading the antitrust culture, as well as identifying any possible instance of non-compliance with competition regulations, in order to raise awareness among employees and collaborators about non-compliant conduct that might give rise to potential antitrust violations.

An Antitrust Compliance officer has been appointed from among the members of the Board of Directors as security for the Antitrust Compliance Program and the Antitrust Code of Conduct.

In particular, the Antitrust Compliance Program provides for the following structure:

- an antitrust risk assessment summary that names the areas in which competition issues appear to be more important considering the Company's structure and fields of operations;
- the Rekeep Group Antitrust Code of Conduct which sets out in detail how to behave when bidding in public tenders;
- sets of company procedures and operating instructions aimed at increasing prevention capacity and ensuring proper management of situations with possible antitrust implications;
- ad hoc training sessions focused on competition issues of greatest interest to Rekeep with the purpose of enhancing the ability of the Management and operational Functions to detect antitrust risk and prevent it in an adequate manner.

7. UPDATE ON LEGAL PROCEEDINGS

The updates are reported below for the 2021 financial year on the disputes described in the explanatory notes to the Parent Company's Consolidated and Separate Financial Statements to which reference should be made for more details.

ANAC's disqualification order - Santobono Pausilipon

On 10 November 2017 ANAC (Italian Anti-Corruption Authority), after the completion of proceedings initiated in November 2016 following a report made by A.O.R.N. Santobono Pausilipon in Naples, imposed a sanction (the "ANAC Order") on Rekeep S.p.A. (Manutencoop Facility Management S.p.A. at that time), raising objections concerning the failure to provide a declaration relating to the absence of criminal proceedings against one of the Company's proxy holders in the documentation submitted for the same tender, which took place in 2013. On the other hand, this proxy holder met the legal requirements in full. The ANAC order provided, in addition to a fine of € 10 thousand, for the Company to be disqualified from all public tenders for a period of 6 months as from the date of entry in the computerized records of economic operators in public contracts. The Company successfully challenged the order before the Regional Administrative Court, but, within appellate proceedings brought by ANAC,

the disqualification order was confirmed by the Council of State; at the end of the procedure for application of extraordinary means of appeal (appeal for review and judicial appeal to the Supreme Court), it became final on 4 December 2020 with the filing of the Supreme Court's judgment no. 27770/2020. As a result of this judgment, any suspension effect of ANAC Resolution no. 1106/2017 was therefore removed, which entails, in addition to a fine of € 10 thousand, the exclusion of Rekeep S.p.A. from public tender procedures and subcontracting of public contracts for a period of 6 months in accordance with Legislative Decree 50 of 2016 (the "Public Contracts Code"). The entry, which had been previously blacked out by ANAC, was therefore re-inserted in the computerized records of economic operators in public contracts relating to works, services and supplies as from 25 December 2020 and until 17 June 2021. Rekeep S.p.A. had formally asked ANAC to postpone the immediate new reinstatement of the entry in the records until the conclusion of the proceedings initiated by ANAC on the Application for Reexamination submitted on 20 October 2020 and, subordinately, to specify that the disqualifying effects of these records, as provided for by Article 38, paragraph 4, of the "Rules for the management of the Computerized Records of public contracts for works, services and supplies, in accordance with Article 213, paragraph 10, of Legislative Decree no. 50 of 18 April 2016", are only limited to exclusion "from tender procedures or from access to qualification if the expiry of the time limit set for submitting bids or the application for qualification falls within the effective period of the entry". ANAC replied to this notice with an additional memo sent on 5 January 2021, whereby it also notified that it rejected the Company's request and intended to reinstate the entry in question, as any other wording would not be in line with the principle according to which tendering requirements must necessarily be met on an ongoing basis". The Company lodged an appeal against this order before the Lazio Regional Administrative Court which, by a judgment dated 29 March 2021, declared the appeal inadmissible. The Company filed an appeal against this judgment together with an application for preliminary request, which was accepted by the Council of State by an order dated 23 April 2021. In light of this, any effect of the ANAC order must be regarded as suspended at present. It was also ordered to proceed with blacking out the entry in the computerized records. Moreover, following the summary examination of the precautionary proceedings phase, the Council of State held that "the principle of strictly legal typicality of the sanctions (....) has been breached, given that (...) the failure to make a statement with which the Company has been charged under the order does not coincide with a false statement". The hearing for discussing the substance of the matter was scheduled on 25 November 2021, at the end of which the Council of State, by judgment no. 491/2022, filed on 25 January 2022, granted the appeal submitted by the Company against the Lazio Regional Administrative Court's judgment no. 3754/2021, annulling any effect of the order adopted by ANAC, which had already been previously suspended on a precautionary basis.

Antitrust Authority's order for sanctions on the "FM4 Tender" of 2014

The dispute concerning the fine imposed in relation to the FM4 Tender still continued in 2021.

On 23 March 2017, the Competition Authority notified Rekeep S.p.A. (at that time Manutencoop Facility Management S.p.A.) of the start of an investigation procedure against the Company itself, as well as against CNS – Consorzio Nazionale Servizi Società Cooperativa, Dussmann Service, S.r.l., Engie Servizi S.p.A. (formerly Cofely Italia S.p.A.), ManitalIdea S.p.A., Romeo Gestioni S.p.A. and STI S.p.A. and subsequently extended to Exitone S.p.A, Manital Società Consortile per i Servizi Integrati per Azioni Consorzio Stabile, Manital S.c.p.a, Gestione Integrata S.r.l, Kuadra S.r.l in Liquidation, Esperia S.p.A, Engie Energy

Services International SA, Veolia Energie International SA, Romeo Partecipazioni S.p.A, Finanziaria Bigotti S.p.A, Consorzio Stabile Energie Locali Scarl to ascertain whether those companies put in place a possible anti-competitive agreement whose subject matter consisted of the coordination of the procedures for taking part in the tender called by Consip in 2014 for awarding the Facility Management services intended for properties mainly for office use of the Public Administration (known as "FM4 Tender"). On 9 May 2019, after the completion of the abovementioned proceedings, the Authority served the final order, considering the existence of the agreement restricting competition between some of the abovementioned companies and imposing a sanction of € 91.6 million on the Company.

The Lazio Regional Administrative Court's judgment of 27 July 2020 partially granted the appeal submitted by the Company: albeit confirming the Competition Authority's order as regards the merits, the Court granted the request for the redetermination of the fine setting the relevant parameters, according to which the Competition Authority therefore again set the new fine at € 79.8 million. The Company challenged both the Regional Administrative Court's judgment before the Council of State and orders for the new calculation of the fine before the Regional Administrative Court. Finally, on 22 December 2020 the Competition Authority served on the Company its appeal against the Lazio Regional Administrative Court's order, while requesting the confirmation of the order on the FM4 tender, including the initial fine equal to € 91.6 million. During the hearing held on 27 October 2021 the Council of State issued a preliminary order, whereby it asked some parties to produce additional documentation, postponing any decision to the hearing scheduled on 20 January 2022 for discussion on the merits, which is adjourned for decision at present.

Rekeep S.p.A., also on the basis of what has been agreed with its lawyers and maintaining the position it has always taken on the matter, believes that the sanctioning order is completely groundless. The Company therefore considers that the measure is unjustified and declares that it is sure of the absolute correctness of its conduct and of having always acted in compliance with the market rules applicable to the Consip FM4 Tender.

A detailed report on the administrative procedures in progress and further assessments made by the Directors at the end of the reporting period of the separate and consolidated financial statements for the year ended 31 December 2021 are included in the explanatory notes, to which reference is made.

8. HUMAN RESOURCES AND ORGANIZATION

As at the closing date of the 2021 financial year, the Rekeep Group employed 26,944 people (at 31 December 2020: 28,112 people), including personnel on lease from the Parent Company MSC Società di Partecipazione tra Lavoratori S.p.A. (formerly Manutencoop Società Cooperativa) to Group companies, equal to 286 people (at 31 December 2020: 339 people). The Group's employees working outside Italy are equal to 12,488 people (at 31 December 2020: 11,993 people).

Below is the Group's staff broken down by different employee categories:

	31 December 2021	31 December 2020
Executives	73	66

	31 December 2021	31 December 2020
White collars	1,698	1,647
Blue collars	25,173	26,399
EMPLOYEES	**26,944**	**28,112**

Prevention and protection

During 2021 the Prevention and Protection Service department of Rekeep did not undergo changes compared to the previous year.

The system of delegated powers concerning safety at work was kept updated and consistent with the changes that took place at organizational level in the Areas during 2021. The main changes concerned the status of 1st and 2nd level delegated powers in the matter of occupational health and safety, environmental protection and compliance with regulations on food hygiene, in relation to the various areas of competence within the scope of the operation of Rekeep S.p.A.. The 1st level mandates remained confirmed for the Purchasing Department Manager and the HR Manager.

In 2021 various survey campaigns were conducted in preparation for updating specific risk assessment documents concerning: chemical risk, the ergonomic risk from biomechanical overload for waste collection activities in the healthcare sector and the risk from work-related stress for specific homogeneous groups of workers based on the activities performed. During periodic annual meetings (Article 35 of Legislative Decree 81/2008) these issues were discussed and shared with Occupational Physicians and Workers' Safety Representatives.

With regard to the management of the COVID-19 Emergency, the work of the National Corporate Rekeep Committee continued on a regular basis in 2021 too. During the year the committee met 17 times for a total of around 40 hours of constructive and in-depth discussion on the topics listed below:

- the main regulatory updates (Prime Minister's Decree, Ministerial Circulars, Italian Higher Institute of Health's Reports, Regional orders, etc.);
- the content of the disclosure notes and procedures produced by the company's Prevention and Protection Service department;
- the content of the actions taken at company level in terms of prevention and protection, such as, for example: preventive screening programs using rapid test swabs for personnel at the main company offices or participation in the Vaccination Campaign promoted by Confindustria Emilia Romagna;
- the trend of COVID-19 infections within the company, broken down by each local area and entity;
- the content of the reports and requests for clarification coming from Workers' Safety Representatives and Health Care Residences, as well as from Trade Unions.

In 2021, the ISO 45001 certificate was reissued by RINA Services (an accredited certification body) following completion of the recertification process, which involved an audit of the entire scope of company certification. The results of the audits carried out revealed points that allow for continuous improvement of the safety management system. The minor non-conformities (B-type

findings) and observations (C-type findings) issued did not alter the successful outcome of the recertification. The certificate issued will expire naturally in 2024.

In 2021 the Prevention and Protection Service department conducted 67 audits, distributed throughout all the areas. These audits were carried out to check for compliance with the regulations governing occupational safety and the correct application of the rules and provisions on restrictive measures to avoid COVID-19 infection, and generated an improvement plan, shared with Area Operations Managers, in the event of any non-conformities. In any case it has been seen that Safety is managed satisfactorily overall.

Since the beginning of the health emergency linked to COVID-19, Rekeep S.p.A. has maintained ongoing coordination between the Company's Management, the company Prevention and Protection Service department, the Coordinator Company Doctor and the Workers' Safety Representatives, in order to ensure effective management of the emergency in progress, by taking the following measures:

- continuing with healthcare supervision operations, in compliance with the hygiene measures and measures of prevention and protection from infection risks communicated by the Coordinator Company Doctor in accordance with the provisions of the government and company policy;
- encouraging a careful management of employees with specific frailties, insofar as they are hypersusceptible to the COVID-19 virus, in line with the guidelines and requirements imposed by the competent authorities and with respect for privacy. To this end, information was provided to staff members responsible for their management as a result of interpreting government regulations and exchanges of correspondence with some competent doctors;
- collaborating with the coordinator company doctor, medical centers, Workers' Safety Representatives and Company Union Representatives in evaluating and proposing regulatory measures in the matter of COVID-19.

As per the 2021 schedule, healthcare supervision was carried out on the staff members employed based on their duties in compliance with the health protocol attached to the Company's Risk Assessment Document. About 5,900 medical examinations were conducted, including periodic, long-term work absence, pre-employment and on-demand checks. In 2021, 55 reports on occupational diseases were submitted (against 37 in 2020), most of them relating to tendinitis and skeletal muscle system diseases (attributable to carpal tunnel syndromes and herniated discs).

The trend in the Company's rate of accidents, as well as of the state of health of the staff under healthcare supervision, is updated and available for the areas through the company intranet, together with the data relating to other causes of absenteeism.

Accidents are monitored on an ongoing basis and details are available in relation to their causes, dynamics and material agents that determined the event. In 2021, there was a significant reduction in the number of accidents (-7%) and their duration (-12%) compared to 2020. The trend in accident rates is confirmed to be down for the third consecutive year. During 2021, 47 accidents were analyzed, which, in addition to having a long duration, required further investigation based on the causes, circumstances, context or equipment involved that led to the event. After analysis, some improvement actions were taken in order to enhance risk prevention, including the updating of company operational procedures or instructions, the promotion of specific meetings were held with managers and operators aimed at a detailed analysis of the events and the report of events to

the customer/principal aimed at improving conditions at workplace. The supervisors' work of reporting and monitoring must be still strengthened in relation to accidents and near misses.

Below are the rates calculated (data updated at 31 January 2022, net of events not recognized by INAIL (Italian Institute for Insurance against Accidents at Work) to date):

	2021	2020	2019	2018	2017
Impact (no. of accidents x 1,000/average number of workers)	53,67	55,93	64,08	69,05	69,16
Frequency (no. of accidents x 1,000,000/total worked hours)	43.42	50.90	52.26	56.29	57.68
Severity (days of accident +relapses x 1,000/ total worked hours)	1.00	1.24	1.30	1.51	1.51

There were no fatal accidents at work during 2021.

There are currently 11 Workers' Safety Representatives at Rekeep S.p.A. distributed throughout the Areas. In 2021 they were involved in a training/education plan on occupational safety.

22 Health and Safety at Work inspections were also conducted at Rekeep S.p.A. during the year by control bodies (Local Health Authorities (ASL) and Provincial Labor Head Offices) on various operating units throughout the country. The number of inspection visits compared to the previous year remained substantially unchanged. 4 administrative sanction were imposed in 2021 for a total amount of € 10,949.90.

Rekeep S.p.A. is enrolled in the Italian Register of Waste Management Companies under the following categories:

- Category 1F (mechanical sweeping) until 2023
- Category 8 (intermediation) until 2026
- Category 2bis (own-account transport) until 2027.

Rekeep's registration with the National Registry of Environmental Managers for intermediation, which expires in December, was renewed with a 40% reduction in the amount of the surety after including the activity in the 14001 environmental certification.

During 2021, while the COVID-19 state of emergency continued, no exceptions were extended in relation to temporary storage limits or regional orders. The operating instructions drawn up in 2020, based on the instructions given by the relevant Italian Higher Institute of Health's and Environmental Protection and Research Institute's reports on the subject, enabled proper and functional management of the activities carried out as part of the services delivered by the company.

The start of operation of the Prometeo Rifiuti waste management software, as from January 2021, made it necessary to provide support to the parties in charge during the activities of compiling the registers and for the verification and inclusion of new suppliers.

Following major regulatory changes in September 2020, circulars were issued to provide clarifications, additional amendments and even corrections with the publication of Law 108 in July 2021. The Ministry has eliminated the extension of producer liability, in the case of delivery in D13, D14, D15, which after preliminary storage is the responsibility only of the parties that carry out disposal operations. On the other hand, the term of liability is confirmed in relation to the receipt of the 4th copy of the form.

The legislator also clarifies that the producer of waste deriving from maintenance cleaning of sewage networks is the purging company, extending the application, in addition to the cadastral perimeter of sewage networks, to septic tanks, both connected and disconnected to the network, also including waste from chemical toilets.

In 2021, there were 3 instances of diesel spillage at the facilities of three customers entrusted to Rekeep. The events were promptly managed and notified to the competent entities. These events made it necessary to revise a specific procedure in order to strengthen the preventive actions to be carried out in order to avoid the repetition of similar situations and, at the same time, to provide the Areas with operating instructions for the proper management of environmental emergencies.

During 2021 the ADR Consultant continued to carry out audits through specific inspections at sites where contract activities are carried out in relation to the loading of infectious waste materials. In addition to these well-established cases, new appointments were made for the consultant for loading activities of dangerous substances in the industrial environment, carried out at specific factories subject to the Seveso standard for customers in the North West Area.

With the publication of Legislative Decree 116/2020 in the Official Gazette, the foundations were laid for the new RENTRI (National Electronic Waste Traceability Register) traceability system, which will definitively replace the register of waste loading and unloading. In 2021, the Vi.Vi.Fir service was activated on the Chambers of Commerce portal, which allows the validated forms to be downloaded directly from the system, after adhering to the latter.

Four instances of non-compliance and related fines totaling about € 865 were reported by the control bodies during the year, as a result of improper delivery of municipal waste.

Training

The Group involved 11,682 participants during 2021, for a total of 83,145 training hours. The table below shows the comprehensive results in 2021, divided into subjects and compared to the 2020 data:

	FY 2021		FY 2020	
Subject	**Participants**	**Hours**	**Participants**	**Hours**
Safety, Quality and Environment	9,539	66,215	4,194	30,554
Technical-professional	1,210	7,740	608	6,802
IT	299	874	368	916
English language	147	4,448	246	7,794
Management	487	4.138	320	4,147
TOTAL	**11,682**	**83.415**	**5,736**	**50,213**

With regard to safety, the hours dedicated were more than doubled compared to 2020 despite the pandemic period. In addition, there was a well-established use of e-learning courses for employee training on basic safety: in 2021 over 3,000 participants completed online courses. With regard to in-person training (in the case of staff with digital difficulties or for the Sicily Region where specific regulations must be implemented), a total of almost 1,000 employees were trained. The number of those trained on basic safety increased by 70% compared to 2019 (before the Covid-19 pandemic broke out). In 2021 too, the company focused on integrating company-wide training (training of safety managers, supervisors, electrical risks, fire prevention and first aid, work at height, confined environments and spaces, pest control and rodent control, patient handling and transportation, etc.), while continuing its work on videoconference training and completing the theoretical courses started in 2020 with the required hours of practice.

In the Technical/Professional area, qualifications were enhanced (F-gas, Thermal, Welder, Steam), as was the technical training of Building Managers with 4 editions of the course on Legionella Management at Buildings, which involved any and all Areas with cross-functional courses. Some colleagues working in the Operations area were certified in Contract Management and professional courses were held on the subjects of Public-Private Partnerships, Building Information Modeling, Procurement Management, Internal Audit, Climate Control Systems, Negotiation and Conflict. Courses were also held with video clips on the issues of Cybersecurity, Privacy and standard SA8000.

Training sessions continued for employees enrolled with the Council of Engineers and Architects, which were necessary in order for them to retain their registration (CFP), concerning issues of standard SA8000, Firefighting, Electrical Risks and refresher courses on Occupational Safety.

In the language area, we continued our English courses, holding classes in online mode and involving colleagues from different locations and companies. Those who had achieved high results in the previous year were rewarded with 3-day residential Full Immersion and individual lessons in Public Speaking in English.

For training in the area of information technology, some colleagues obtained CISM certification (Certified Information Security Manager). In addition, more specialist IT courses were held on the subjects of ITIL Foundation and Excel.

For the managerial area, work continued on the following courses: Development for new Middle Managers, the "Mater" maternity coaching project and the Project Management courses. Some colleagues enrolled in the Executive MBA programme at the Alma Mater Studiorum Bologna Business School in 2021 too.

9. ENVIRONMENT AND QUALITY

During 2021 the Parent Company Rekeep S.p.A. maintained, following the recertification audits carried out by RINA Services (the accredited certification body), the following certifications :

- ISO 9001:2015 (Quality Management System),
- ISO 14001:2015 (Environmental Management System),
- ISO 45001:2018 (Occupational Health and Safety Management System),
- SA8000:2014 (Social Accountability System),
- ISO 50001:2018 (Energy Management Systems),
- UNI CEI 11352:2014 (Delivery of energy services).

The Company also maintained the corporate certification relating to:

- Qualifying company certification with respect to the requirements of Regulation (EC) no. 842/2006 and Presidential Decree 43/2012.

During the period under consideration the following certificates were maintained, following audits carried out by SGS (the accredited certification body):

- EPD (Environmental Product Declaration) Validation in compliance with general program instructions v. 3.01 (international EPD system), PCR 2011:03, professional cleaning services for buildings (version 2.11, IES) for the following service: hospital cleaning service,
- UNI EN 14065 Laundry processed textiles - Bio-contamination control system.

As required by Article 30 of Legislative Decree 81/08, as amended, the Company also obtained a certificate for its Safety organization and management plan for the “Planning and delivery of cleaning, hygiene, sanitization, disinfection and disinfestation services in public and private civil, industrial, commercial, healthcare, logistics and transport sectors. Delivery of auxiliary services in the public healthcare sector”.

Within the Group work continued to achieve certification or uphold requirements for the main following Italian companies:

Servizi Ospedalieri S.p.A.	The certification was renewed according to standards UNI EN ISO 9001:2015 (Quality Management System), UNI EN ISO 13485:2016 (Quality Management System. Requirement for regulatory purposes”), UNI EN 14065:2016 (Laundry processed textiles. Bio-contamination control system), UNI EN ISO 20471:2017 (High-visibility clothing – testing methods and requirements), UNI EN ISO 45001: 2018 (Occupational Health and Safety Management

	System), UNI EN ISO 14001:2015 (Environmental Management System). Furthermore the Company maintained the EC certification in compliance with Directive 93/42/EEC for the production of sterile kits and obtained the EC certification in compliance with Regulation (EU) 2016/425 for the some Personal Protective Equipment. Furthermore, the SA8000:2014 certification and finally the UNI CEI EN ISO 50001:2018 (Energy Management System – Requirements and guidelines for use") were also obtained.
Medical Device S.r.l.	The Quality System certification was renewed according to standards UNI EN ISO 9001:2015 (Quality Management System), UNI EN ISO 13485:2016 (Quality Management Systems. Requirements for regulatory purposes"). Furthermore the Company maintained the certification of the Environmental Management System according to standard UNI EN ISO 14001:2015 (Environmental Management System), and the EC certification in compliance with Directive 93/42/EEC for the production of: › sterile disposable kits › sterile disposable custom packs › sterile disposable clothing › sterile disposable drapes › sterile disposable accessories and instruments The Company maintained the EC certification for disposable gowns as 3rd-category personal protective equipment in accordance with Regulation (EU) 2016/425.
U.Jet S.r.l.	The Company maintained the Quality System certification according to standards UNI EN ISO 9001:2015 (Quality MAnagement System), UNI EN ISO 13485:2016 (Quality Management Systems. Requirements for regulatory purposes"). New issue of EC certification according to the Directive 93/42/EEC Annex II for the production of: › sterile disposable kits › sterile disposable surgical procedure packs › sterile disposable equipment (Clothing, Covers, Drapes and Specialist surgical drapes) › Bags and systems for collecting and conveying Liquids and Fluids › sterile disposable Ophthalmology devices The Company maintained the EC certification for protective Clothing as 3rd-category personal protective equipment in accordance with Regulation (EU) 2016/425.
Rekeep Digital S.r.l	The Company maintained the following certifications › ISO 9001:2015 (Quality Management System), › ISO 18925-1:2017 (Customer contact centres – requirements for customer contact centres), › ISO 18295-2: 2017 (Customer contact centres – Requirements for clients using the services of customer contact centres).
Rekeep Rail S.r.l.	The Company saw the following certificates reissued, following the recertification carried out by RINA Services, the accredited certification body: › ISO 9001:2015 - Quality Management System, › ISO 14001:2015 - Environmental Management System,

	› ISO 45001:2018 - Occupational Health and Safety Management System. The Company maintained the certification: › SA8000:2014 – Social Accountability Management System.
Consorzio Stabile CMF	Consorzio Stabile CMF maintained the following certifications, following the audits carried out by RINA Services (the accredited certification body): › ISO 9001:2015 (Quality Management System), › ISO 14001:2015 (Environmental Management System), › ISO 45001:2018 (Occupational Health and Safety Management System), › SA8000:2014 (Social Accountability System), › ISO 50001:2018 (Energy Management System), › UNI CEI 11352:2014 (Delivery of energy services), › UNI EN 16636:2015 (Pest management and control services) › Qualifying company certification with respect to the requirements of Regulation (EC) no. 842/2006 and Presidential Decree 43/2012. During the period under consideration, SGS (the accredited certification body), following the audit, issued the following certification: › ISO 37001:2016 (Anti-bribery Management System). As required by Article 30 of Legislative Decree 81/2008, as amended, CMF also obtained a certificate for its Safety Organizational and Management Model for the "Planning and delivery of cleaning, hygiene, sanitization, disinfection and disinfestation services in public and private civil, industrial, commercial and healthcare sectors".
H2H Facility Solutions S.p.A.	Maintenance of the qualifying company certification under Regulation (EC) 842/2006, Presidential Decree43/2012 and Accredia Technical Regulation RT-29, for installation, leakage control, servicing and repair services for fixed refrigeration and air-conditioning equipment and heat pumps containing certain fluorinated greenhouse gases. Maintenance of the certification according to the UNI EN ISO 9001:2015 (Quality Management System) standard. Maintenance of the certification according to the UNI EN ISO 14001:201 (Environmental Management System) standard.
H2H Cleaning S.r.l.	Maintenance of the certification according to the UNI EN ISO 9001:2015 (Quality Management System) standard. Maintenance of the certification according to the UNI EN ISO 14001:2015 (Environmental Management System) standard. Maintenance of the certification according to the UNI ISO 45001:2018 (Occupational Safety Management System) standard. Maintenance of the certification according to the SA800:2014 (Social Accountability Management System) standard.

Telepost S.p.A.	Maintenance of the certification according to the UNI EN ISO 9001:2015 (Quality Management System) standard. Maintenance of the certification according to the UNI EN ISO 14001:2015 (Environmental Management System) standard.

No final convictions against Group companies for environmental crimes were reported during 2021.

10. RELATED PARTIES TRANSACTIONS

With regard to disclosure requirements laid down in art. 2428 of the Italian Civil Code regarding transactions between Group companies and related parties, it should be noted that all transactions carried out, including those between the Parent Company and its subsidiaries, as well as between the subsidiaries themselves, fall within the scope of ordinary Group operations and are regulated at arm's length.

Equity and economic transactions as at 31 December 2021 are detailed thoroughly in the explanatory Notes to the Consolidated Financial Statements and the Financial Statements of the Parent Company Rekeep S.p.A. for 2021, to which reference should be made.

11. CORPORATE GOVERNANCE

The Articles of Association of Rekeep S.p.A provide for the adoption of the ordinary management and control system pursuant to Articles 2380 and ff. of the Italian Civil Code.

The "ordinary" model provides for a Board of Directors, which is responsible for management and the supervision of strategy, and a Board of Statutory Auditors with control functions. The Board of Directors and the Board of Statutory Auditors remain in office for three financial years and the currently serving Bodies will remain in office until the date of the Shareholders' Meeting called to approve the Financial Statements at 31 December 2022.

12. RESEARCH AND DEVELOPMENT

No R&D costs were incurred and no such costs were capitalized by Group companies in 2021.

13. ADDITIONAL INFORMATION REQUIRED BY ART. 2428 OF THE ITALIAN CIVIL CODE

The Company does not hold own shares, or shares or interests in parent companies, neither through trusts nor intermediaries.

In 2021 the Company did not purchase or dispose of own shares, or shares or interests in parent companies, neither through trusts nor intermediaries.

14. ADDITIONAL INFORMATION REQUIRED BY ART. 2497 OF THE ITALIAN CIVIL CODE

Rekeep S.p.A. is subject to the management and coordination activities by MSC Società di Partecipazione tra Lavoratori S.p.A., a company established through the transformation of Manutencoop Società Cooperativa, which became effective on 1 February 2022.

For details on transactions with both the entity that exercises management and coordination activities and with other companies that are subject to these activities, please refer to the Explanatory Notes to the Consolidated Financial Statements and the Explanatory Notes to the Financial Statements of the Parent Company Rekeep S.p.A..

15. OTHER INFORMATION

In 2021, the Group companies received certain financial benefits from public authorities or entities treated as such, as referred to in Law no. 124 of 4 August 2017 governing the "Annual market and competition act".

In particular, proceeds were earned from tax credits of € 29.9 thousand in 2021, for the sanitization and purchase of protective equipment regulated by Article 125 of the Relaunch Decree (Decree Law no. 34 of 2020).

Finally, additional financial benefits were obtained for a lower amount, for which reference should be made to any possible information provided by the "Register of State Aids" that is published online at the website www.rna.gov.it, section "TRANSPARENCY - PERSONAL AID".

16. SECONDARY OFFICES

Rekeep S.p.A. has no secondary offices in Italy.

17. TAX CONSOLIDATION AGREEMENT

The MSC Group opted to apply the Group taxation system, pursuant to articles 117 et seq. of the T.U.I.R. ("*Testo Unico delle Imposte sui Redditi*", the Italian consolidated Law on Income Tax), which involves MSC Società di Partecipazione tra Lavoratori S.p.A. (formerly Manutencoop Società Cooperativa) as consolidating company and the following consolidated companies:

- Rekeep S.p.A.
- Servizi Ospedalieri S.p.A.

- Medical Device S.p.A.
- H2H Facility Solutions S.p.A.
- H2H Cleaning S.r.l.
- Telepost S.r.l.
- Rekeep Digital S.r.l.
- Rekeep World S.r.l.
- Rekeep Rail S.r.l.
- Yougenio S.r.l.
- S.AN.GE. Soc. Cons. a r.l.
- S.AN.CO. Soc. Cons. a r.l.

Finally, the above-mentioned Companies participate in Tax Consolidation together with the following MSC Società di Partecipazione tra Lavoratori S.p.A. (formerly Manutencoop Società Cooperativa) Subsidiaries but which are not part of the Rekeep Group:

- Segesta Servizi per l'ambiente S.r.l.
- Sacoa S.r.l.
- Nugareto S.r.l.

18. SUBSEQUENT EVENTS

New agreement for the assignment without recourse of trade receivables

On 17 January 2022, the Parent Company Rekeep S.p.A. signed a new agreement for the assignment without recourse of trade receivables with Banca Farmafactoring S.p.A. for an amount of up to € 300 million. The agreement has a term of three years and provides for the possibility of assigning, without recourse and on a revolving basis, the amounts Rekeep S.p.A. and other its subsidiaries claim from Entities in the National Health System and Public Authorities. The new agreement replaces the previous one, which was also signed with Banca Farmafactoring S.p.A. in 2018 and which provided for an annual ceiling of up to € 200 million for the assignment of receivables of the same type.

Heterogeneous transformation and change of name of the parent company

Manutencoop Società Cooperativa transformed its legal form from a cooperative company to a joint-stock company, and, in this context, changed its company name to MSC Società di Partecipazione tra Lavoratori S.p.A., with effect from 1 February 2022. The transaction was carried out following a resolution passed by the extraordinary shareholders' meeting held on 27 November 2021 and upon completion of the formalities required by the applicable provisions of law. The Rekeep Group's parent company

retains full continuity of its own legal relationships. Moreover, the shares representing the entire share capital of the cooperative company, which were already held by its shareholders, were proportionally converted into shares of the transformed company with equal total value.

The adoption of the new legal form of joint-stock company originated and was motivated by the need to better support the national and international development of the Rekeep Group. The cooperative company form, due to its rules of governance and remuneration of invested capital, has in fact proved unsuitable over time to cope with this program, which requires both the contribution of capital from shareholders and the financial market and access to advanced financial instruments.

There were no significant impacts on the operations of the Rekeep Group following the transformation.

International geopolitical tensions

As at the date of presentation of the Consolidated Financial Statements, the conflict that broke out on 24 February 2022 following Russia's invasion of Ukraine was still ongoing, and its evolution is not foreseeable at present. The military conflict had immediate repercussions in economic terms: the main Western political forces reacted by imposing extremely harsh economic sanctions on Russia; on the other hand, the climate of uncertainty led to a general rise in inflation.

At present, it is not yet possible to reliably estimate the impact of the international scenario described above and the repercussions that it has on the country. The Management monitors the situation on an ongoing basis.

It should be pointed out that the Group has no business relationships, nor does it have secondary offices or companies in the countries involved in the conflict.

19. OUTLOOK

The 2021 financial year was characterized by a consolidation of the growth trend observed in recent years.

For the 2022 financial year, positive signs are expected from the end of the emergency phase due to the Covid-19 epidemic and the consequent dynamics, despite the persisting signs of uncertainty in the international economic scenario, which were also due to the new political and military events in Eastern Europe.

With regard to the profit margins of the activities carried out on the domestic market, a substantial stability is expected for the year 2022, supported by the renewal of the efficiency improvement actions on the variable costs front and the rationalization of fixed costs, which are even more important due to an increase in the costs of raw materials, in particular fuels, which started in the last months of 2021 and which will reasonably continue during 2022 too.

On the international markets front, management's efforts to stop losses and recover costs associated with delays in the implementation of the project for the provision of hygiene services in Saudi Arabia, which already made it possible to reach an initial agreement with the counterparty in 2021, will continue during the new financial year too. The measures put in place by management in the country, together with the other efficiency improvement and rationalization actions on the central and other

country functions put in place in the 2021 financial year and the positive signs in terms of the performance of the group controlled by Rekeep Polska make it possible to consider the expectations for 2022 more than achievable. The Group will also continue to pursue its internationalization plan through the consolidation of markets where the Group already operates (as already occurred in 2021 in France with the incorporation of two new companies), and the evaluation of M&A opportunities.

In financial terms, the Group completed, in early 2021, a significant refinancing transaction, thus obtaining, among others, a renewed stability in terms of debt repayment, at present set at 2026, and a significant reduction in the nominal interest rate on debt from nominal 9% to nominal 7.25%, with savings in terms of financial costs that will be fully appreciable from the next financial year, as a result of the failure to recognize non-recurring financial charges relating to the transaction that obscured the benefit on the interest rate in 2021. For financial year 2022, this deleverage program is expected to continue through a prudent investment policy accompanied by further, ongoing actions aimed at limiting working capital.

20. ALLOCATION OF THE RESULT FOR THE YEAR OF REKEEP S.P.A.

In concluding the report on the 2021 financial year the Directors invite you to approve the separate Financial Statements of Rekeep S.p.A. at 31 December 2021 and to carry forward the loss for the year of € 12,789,250.97.

Zola Predosa, 18 March 2022

The Chairman and CEO

Giuliano Di Bernardo

2020 - depart.it

rekeep

minds that work

rekeep.com