interim report on operation

at 30 september 2023

rekeep

minds that work

GENERAL INFORMATION

REGISTERED OFFICE

Via U. Poli, 4
Zola Predosa (Bo)

BOARD OF DIRECTORS

CHAIRMAN
AND CHIEF EXECUTIVE OFFICER
Giuliano Di Bernardo

VICE CHAIRMAN
Riccardo Bombardini

DIRECTORS
Laura Duò
Paolo Leonardelli
Gabriele Stanzani
Matteo Tamburini

BOARD OF STATUTORY AUDITORS

CHAIRMAN

Germano Camellini

STATUTORY AUDITORS
Marco Benni
Giacomo Ramenghi

ALTERNATE AUDITORS
Michele Colliva
Antonella Musiani

INDEPENDENT AUDITORS

EY S.p.A.

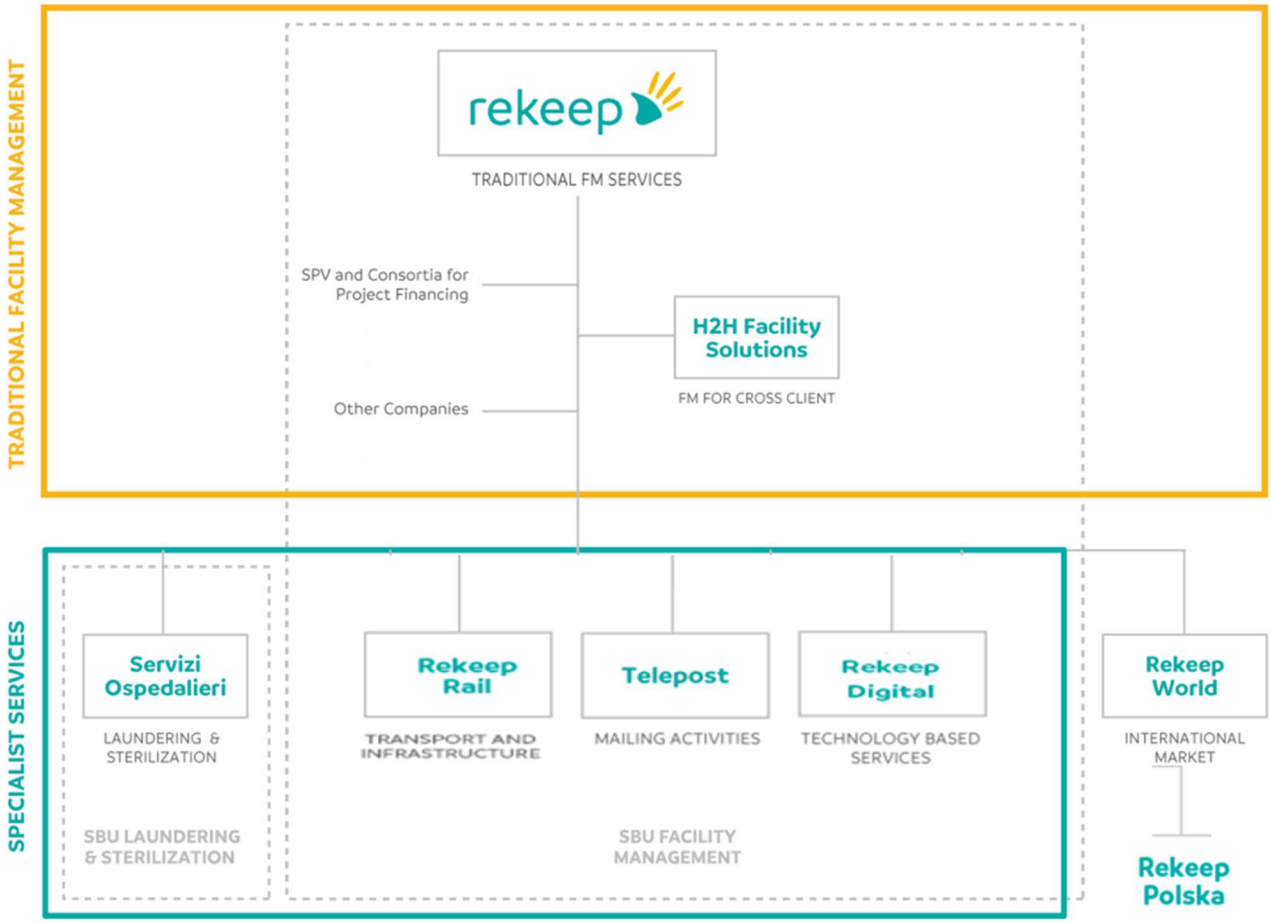
Interim Report on Operations

rekeep

minds that work

PREAMBLE

At 30 September 2023 the Group controlled by Rekeep S.p.A. was made up as follows:



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 managed by a single operating holding company that combines so-called “traditional” facility management production resources with those related to supporting the whole Group’s business. Around the central part of the holding, already in the previous financial years a diversification strategy of the activities was pursued, also through a series of company acquisitions, by placing 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 “business to business” (B2B) services.

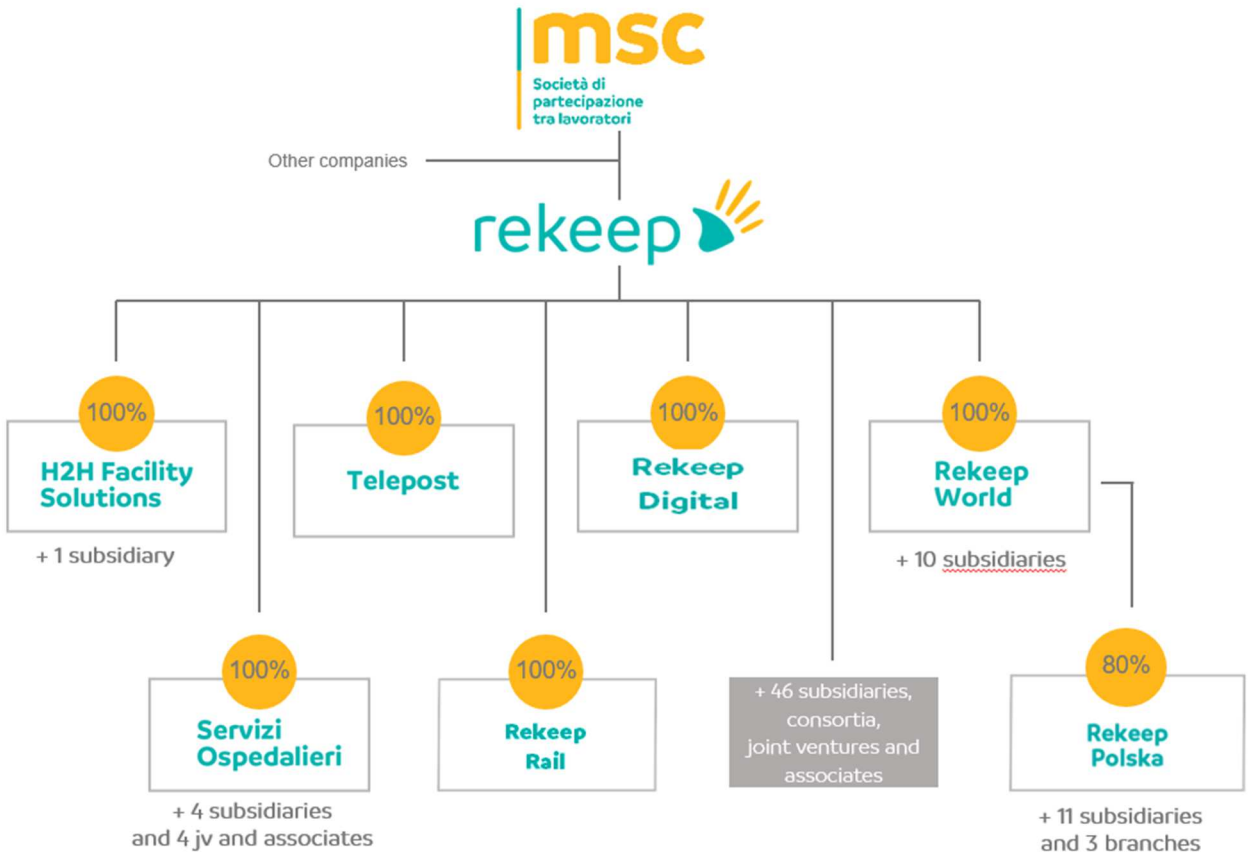
Furthermore, the Group started a major process of business development in international markets from the 2015 financial year, by establishing the sub-holding company Rekeep World S.r.l. and by the start-up of facility operations in France (through the sub-group controlled by Rekeep France S.a.S.), Turkey (through EOS) and Saudi Arabia (through Rekeep Saudi Arabia Ltd). Finally, the acquisition of the Polish company Rekeep Polska S.A., the parent company controlling the group with the same name and market leader in Poland, strengthened the 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 30 September 2023 amounted to 109,149,600, with a par value of € 1 each.

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

The structure of the Group controlled by MSC Società di Partecipazione tra Lavoratori S.p.A. at the date of approval of the Consolidated Half-year Financial Report was the following:

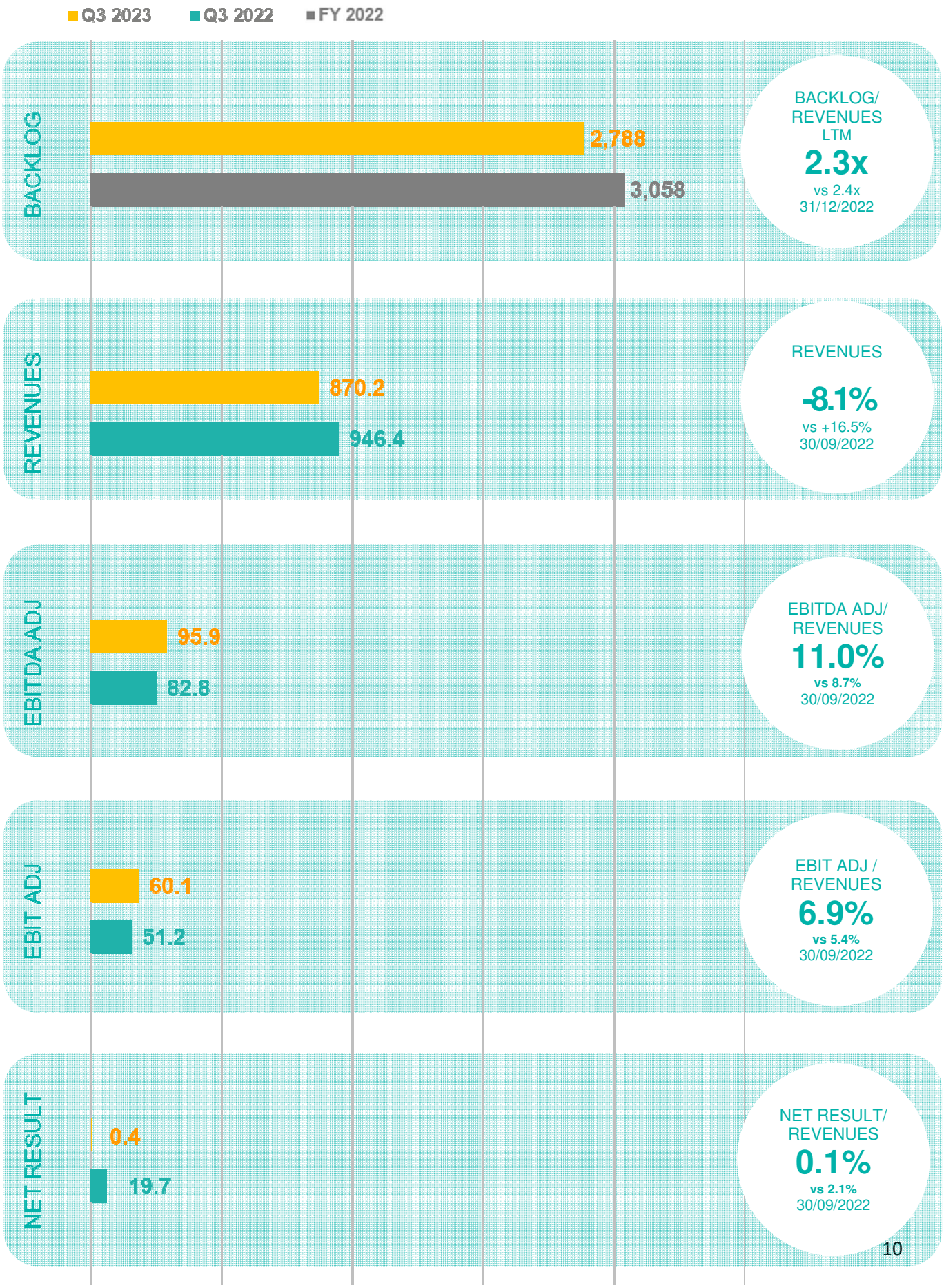


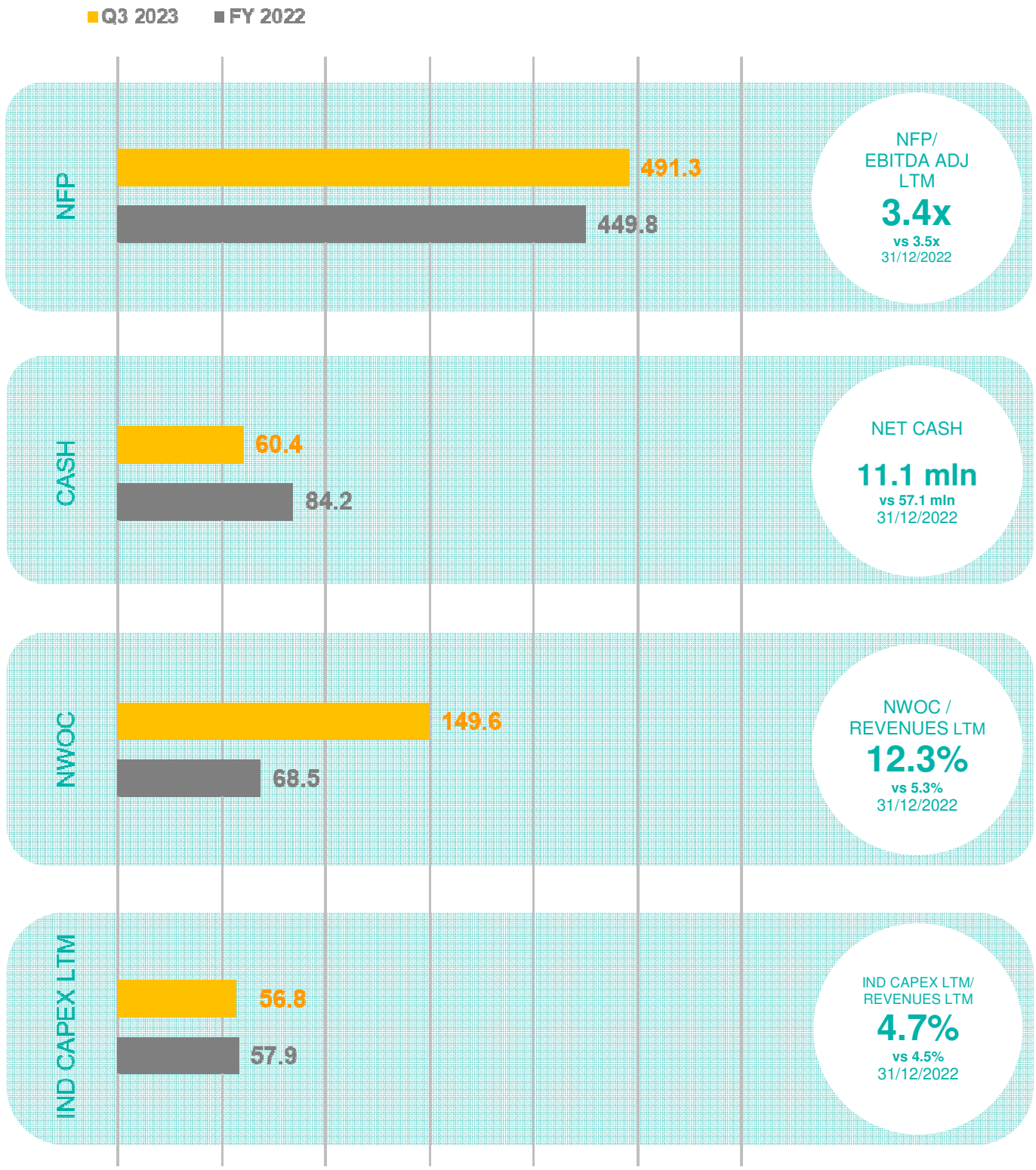
ALTERNATIVE PERFORMANCE INDICATORS (NON-GAAP FINANCIAL MEASURES)

The Rekeep Group's management monitors and assesses the consolidated business performance, results of operations and cash flows by using various alternative performance indicators that are not defined under the international accounting standards IAS/IFRS (*"API"* or *"Non-GAAP measures*"), as stated below. The Group's management considers that these financial ratios, which are not explicitly described in the accounting standards adopted to prepare the Financial Statements, provide information which helps to understand and assess its overall performance in terms of financial position, results of operations and cash flows. These are widely used in the sector in which the Group operates and are determined in accordance with the provisions of the Guidelines issued by ESMA (European Securities and Markets Authority) on alternative performance indicators (ESMA/2015/1415), adopted by CONSOB by Communication no. 92543 of 3 December 2015. However, they 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 that have not yet accrued and are connected with the residual term of the orders that the Group holds in its portfolio.
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 (excluding lease and long-term hire agreements) 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 the balance of "Trade receivables and advances to suppliers" 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 invoices 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) Dividends and income (loss) from sale of investments; iv) Income (charges) from investments accounted for under the equity method; v) Profit / (loss) on exchange rate. The Statement of Profit or Loss for the year shows EBIT as "Operating Income".
EBITDA	EBITDA represents the Operating Income before "Accrual (reversal) of provisions for risks and charges" and "Amortization/depreciation, write-downs and write-backs of assets". EBITDA is a measure used by the Group's management to monitor and assess its operating performance.
Adjusted EBITDA and EBIT	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 the paragraph on "Non-recurring events and transactions" below.
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 reporting periods.
Net Cash	Net Cash is defined as the balance of the "Cash and cash equivalents" net of: i) Current account overdrafts, advances and hot money; ii) Obligations arising from assignments of trade receivables with recourse.
Gross Debt	Gross Debt is defined as the sum of payables on account of capital relating to: i) Senior Secured Notes (face value); ii) Bank debts (face value); iii) Current account overdrafts, advances and hot money; iv) Obligations arising from assignments of trade receivables with recourse; v) Financial lease liabilities; vi) Reverse factoring debt.
Net Debt	Net Debt is defined as the Gross Debt, net of the balance of "Cash and cash equivalents" and "Receivables and other current Financial assets".
Financial indebtedness	Financial indebtedness consists of the balance of Long-term debt, Derivatives, Bank borrowings (including current portion of long-term debt) and other short-term 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". It complies with the provisions of CONSOB Communication no. DEM/6064293 of 28 July 2006, amended as contained in Warning Notice no. 5/21 of 29 April 2021.
Adjusted Financial Indebtedness and NWOC	Adjusted NWOC and adjusted Financial indebtedness include the balance of the trade receivables assigned in the framework of the previous years' non-recourse assignment programs, and not yet collected by the factoring companies.


Q3 2023
Q3 2022
FY 2022
BACKLOG
2,788
3,058
BACKLOG/ REVENUES LTM
2.3x
vs 2.4x 31/12/2022
REVENUES
870.2
946.4
REVENUES
-8.1%
vs +16.5% 30/09/2022
EBITDA ADJ
95.9
82.8
EBITDA ADJ/ REVENUES
11.0%
vs 8.7% 30/09/2022
EBIT ADJ
60.1
51.2
EBIT ADJ / REVENUES
6.9%
vs 5.4% 30/09/2022
NET RESULT
0.4
19.7
NET RESULT/ REVENUES
0.1%
vs 2.1% 30/09/2022


Q3 2023
FY 2022
NFP
491.3
449.8
NFP/ EBITDA ADJ LTM
3.4x
vs 3.5x 31/12/2022
CASH
60.4
84.2
NET CASH
11.1 mln
vs 57.1 mln 31/12/2022
NWOC
149.6
68.5
NWOC / REVENUES LTM
12.3%
vs 5.3% 31/12/2022
IND CAPEX LTM
56.8
57.9
IND CAPEX LTM/ REVENUES LTM
4.7%
vs 4.5% 31/12/2022

MAIN EVENTS OF THE FIRST 9 MONTHS OF 2023

During the first 9 months of 2023 the Group continued to work on putting the results it had achieved until that time on a sound financial footing in a structured manner, even if the scenario remained affected by the international and European economic, geopolitical, and social situation, which had emerged following the outbreak of the conflict between Russia and Ukraine in Eastern Europe on 24 February 2022, which is still ongoing at present.

The downward trend in inflation, which had begun in the first months of 2023, continued during the third quarter of 2023, thanks to lower prices, especially energy and food, and restrictive policies implemented by central banks, although core inflation (excluding energy, food, and tobacco) remained almost stable; however, inflation is expected to decline by the end of the year compared to the estimates prepared at the end of 2022.

In terms of results of operations, the first 9 months of 2023 were affected by the trends generated by changes in the price of energy, which showed a decline compared to the comparative period, when the inflationary momentum was still high. Revenues at 30 September 2023 came to € 870.2 million, showing a decrease of € 76.2 million compared to the same period of the previous year. LTM revenues amounted to € 1,218.2 million at 30 September 2023 (€ 1,294.4 million at 31 December 2022).

In terms of profit margins, Adjusted EBITDA came to € 95.9 million at 30 September 2023, with relative profit margins equal to 11.0% compared to € 87.8 million at 30 September 2022 (8.7% of revenues): the indicator thus showed an increase of € 13.2 million, although still being affected by general trends in prices and consequent measures. LTM Adjusted EBITDA then came to € 142.8 million at 30 September 2023 (€ 129.7 million at 31 December 2022).

In terms of financial performance, there was an increase in Net debt from € 449.8 million at 31 December 2022 to € 491.3 million at 30 September 2023, as was in Net working operating capital from € 68.5 million at 31 December 2022 to € 149.6 million at 30 September 2023: both of them reflect higher volumes recorded in the previous year and in the half-year, driven by the rise in energy prices in 2022.

Acquisition of the "Major Customers" business unit

On 22 December 2022 the Parent Company Rekeep S.p.A. signed the deed of acquisition from Sacoa S.r.l., part of the same group led by the parent company MSC Società di Partecipazione tra Lavoratori S.p.A., of a "Major Customers" business unit concerning a unitarily organized set of legal relationships, assets, persons and activities for the provision of payroll processing services delivered to Rekeep and its subsidiaries.

The transfer of the business unit became effective from 1 January 2023 and took place at the price of € 0.8 million agreed between the parties, in line with the business unit's economic value that had emerged from the expert's report prepared on the relevant prospective accounting position at 31 December 2022, in addition to an adjustment calculated on the final book value of the business unit as at the date of transfer. Within this transaction, Rekeep proceeded with the insourcing of Rekeep's payroll processing and calculation operations, which had been previously entrusted to Sacoa, thus also achieving savings.

Filing of a request for international arbitration on the part of subsidiary Rekeep Saudi CO Ltd

On 10 April 2023, our subsidiary Rekeep Saudi CO Ltd, based in Saudi Arabia, received from its customer OPS LLC a formal notice of termination (Notice of Termination) due to a serious breach of the contract concerning services for the operation and maintenance of four lines of the Riyadh Metro. On 12 April 2023, Rekeep Saudi CO Ltd rejected the notice since it claimed that the alleged serious breach underlying the Notice of Termination was unfounded; on 10 May 2023, it challenged the Notice of Termination by filing its request for arbitration before the International Chamber of Commerce (ICC) in Paris in order to seek a decision declaring the illegality of the challenged act and ordering OPS LLC to compensate for any and all damages. The request for arbitration was served on the counterparty on 30 May 2023. On 1 August 2023, OPS filed its counterarguments by submitting its own claim for damages and asked the ICC to authorize it to sue the Parent Company Rekeep S.p.A. in the proceedings. In October 2023, the establishment of the arbitration panel was finalized with the appointment by ICC of the President of the arbitration panel, which gave impetus to some procedural activities that were preliminary to the pre-trial investigation.

In the meantime, on 12 May 2023 Rekeep Saudi CO Ltd also served OPS LLC with a notice of termination of contract due to a serious breach on the part of OPS LLC, which became effective on 11 July 2023.

The Group's Management believes that the subsidiary has fulfilled its obligations under the contract and intends to defend its position. The Metro Riyadh contract was not included in the consolidated backlog as at 30 September 2023.

Confirming line of credit granted to Rekeep S.p.A.

On 20 April 2023 SACE Fct S.p.A., the SACE group factoring company, which is the lead manager of the transaction, and Banca Sistema S.p.A. made available a Confirming line of credit to the Parent Company Rekeep S.p.A., for a total nominal value of € 60 million intended for the payment of its supply chain of suppliers and subcontractors. The line of credit is backed by a SupportItalia Guarantee provided by SACE S.p.A., which is the extraordinary measure put in place to support liquidity of the Italian enterprises and limit the adverse economic effects arising from the Russia's military aggression against Ukraine, as envisaged in Decree Law no. 50 of 17 May 2022 ("Aid Decree", as converted by Law no. 91 of 15 July 2022), as supplemented. Within the transaction, Rekeep S.p.A. appointed SACE Fct S.p.A. and Banca Sistema S.p.A. to manage the payment of amounts claimed by its own suppliers and subcontractors throughout the country.

Acquisition of quotas of DUC Gestione Sede Unica Società Consortile a r.l. and shares of Newco DUC S.p.A.

On 30 January 2023 the Court of Bologna published the notice of competitive sale of the entire package consisting of the quotas held by Cogei Sviluppo Immobiliare S.r.l. in liquidation, representing 22% of the quota capital of DUC Gestione Sede Unica Società Consortile a r.l. and the shares representing 17.50% of the share capital of Newco DUC S.p.A.: they are respectively the consortium company and project company under the concession agreement that was entered into by, among others, the Parent Company Rekeep S.p.A. in 2004 for the design, construction and operation of the real estate complex comprising the "Unified Services Headquarters of the Municipality of Bologna."

The Parent Company Rekeep S.p.A. participated in the auction jointly with C-Holding S.r.l., which was also a shareholder of Newco DUC S.p.A., being awarded the joint sale on 6 July 2023. On 1 August 2023 the Parent Company Rekeep S.p.A. and C-Holding proceeded with dissolving the joint ownership arrangement by a notarial deed.

At the end of the transaction Rekeep S.p.A. acquired 22% of the quotas of DUC Gestione S.c. a r.l., thus increasing its percentage from 49% to 71% and gaining control over the company, as well as 11.79% of the shares of Newco DUC, thus increasing its percentage from 33.02% to 44.81%, without acquisition of control according to IFRS 10, at a price of € 0.9 million and € 0.1 million, respectively, already paid out to the Court. It should be noted that on 25 January 2023 Rekeep S.p.A. had already increased its stake in Newco DUC from 24.90% to 33.02% after having acquired shares from CCC Società Cooperativa.

Business development

During the first 9 months of 2023 the Group gained orders for an overall long-term amount of € 556.5 million, of which € 476.6 million relating to extensions and renewals of contracts already included in its sales portfolio and € 79.9 million relating to the development of a new portfolio. The value of contracts acquired in International Markets was equal to about 37.2% of the total orders gained during the period.

New contracts in the Healthcare sector amounted to € 407.5 million at 30 September 2023 (about 73.2% of total orders gained) against orders gained for € 68.7 million in the Public sector (12.3% of the total) and € 80.3 million in the Private sector (12.4% of the total). In terms of Strategic Business Unit ("SBU"), Facility Management (which also includes International Markets) obtained contracts of € 536.9 million while Laundering & Sterilization obtained contracts of € 19.6 million.

In particular, the Group completed projects in the Healthcare market, aimed at maintaining the formerly MIES2 portfolio in three major Italian hospital complexes. On the International Markets front, we must note major orders for the Rekeep Polska Group, which were gained for the renewal of portfolio contracts due to expire and new contracts for hygiene, catering and medical transportation services in the hospital sector, which is the key target market of the sub-group, while in France the Group was awarded an additional contract concerning cleaning and ancillary services at some local hospitals.

Moreover, the subsidiary Servizi Ospedalieri S.p.A. gained new contracts for linen rental and industrial laundering services and contracts were renewed for both linen rental and industrial laundering and sterilization services, which were already included in the portfolio at various local hospital trusts.

As regards the public Market, additional contracts for hygiene and energy services were signed at some municipality facilities.

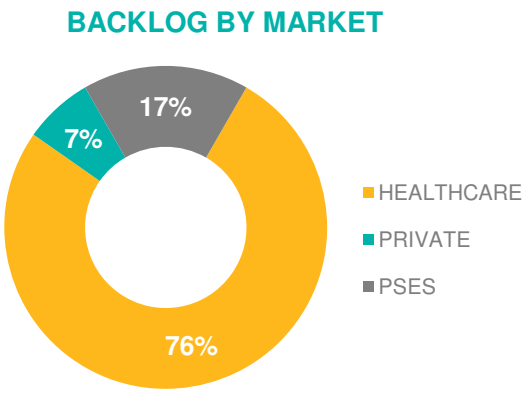
Furthermore, two public-private partnership proposals for energy efficiency and retrofit were awarded on a final basis.

Finally, a plant maintenance contract was renewed at a major network customer, in addition to noting renewals of the portfolio contracts due to expire mainly for hygiene services at shopping centers and retail customers and for hygiene and catering services in Poland 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:

	30 September 2023	31 December 2022	31 December 2021
Backlog	2,788	3,058	2,950

At 30 September 2023 the **Backlog** came to € 2,788 million, recording a decrease compared to the value posted at the end of 2022 (€ 3,058 million) and at the end of 2021. However, the Backlog/Revenues ratio was equal to 2.3x (2.4x at 31 December 2022).



1. SUMMARY OF RESULTS OF THE THIRD QUARTER OF 2023

	For the Quarter ended 30 September		
	2023	2022	%
Revenues	272,843	335,315	-18.6%
of which Revenues - International Markets	*52,871*	*45,492*	
Adjusted EBITDA (*)	22,125	27,499	-19.5%
Adjusted EBITDA % on Revenues	8.1%	8.2%	
Adjusted EBIT (*)	10,742	16,483	-34.8%
Adjusted EBIT % on Revenues	3.9%	4.9%	
Consolidated net result	(4,381)	12,894	

In the third quarter of 2023 the Group recorded ***Revenues*** of € 272.8 million, against € 335.3 million compared to the same period of the previous year, with a loss € 62.5 million. The International Markets contributed revenues of € 52.9 million for the quarter (of which an amount of € 44.9 million was contributed by the Polish Rekeep Polska sub-group), showing an increase of € 7.4 million compared to the same quarter of the previous year and the previous quarter (+€ 2.3 million).

During the third quarter revenues were affected by a decline in prices compared to the comparative period, when inflationary pressure was still considerable, particularly of energy, which has an impact on the pricing charged to customers. Furthermore, there was the termination of some contracts in the portfolio during the quarter, which was only partially offset by new contracts, some of which are still in the start-up phase. On the International Markets front, the performance in terms of revenues was driven by the positive results achieved by the Polish sub-group, which reported higher volumes for the same portfolio in the catering business segment, and the French sub-group, which offset the lack of contribution in terms of revenues recorded by subsidiary Rekeep Saudi Co Ltd in Saudi Arabia, as a result of what is reported above in the preamble.

The comparative figure, characterized by the substantial price increase reported during the previous year, also affected the breakdown of revenues by market. Specifically, the Public sector showed a decrease of € 5.5 million in revenues compared to the third quarter of 2022, from € 53.7 million in the third quarter of 2022 to € 48.2 million in the third quarter of 2023. The Healthcare market too was affected, in absolute terms, by the price effect which had characterized the data of the comparative quarter: the third quarter ended with revenues showing a decline of € 46.3 million compared to the same period in the previous year (from € 220.1 million in the third quarter of 2022 to € 173.7 million in the third quarter of 2023) and reversing the positive trend recorded during the last quarter.

Finally, the Private sector showed a decline in volumes in absolute value, equal to € 10.6 million from € 61.6 million in the third quarter of 2022 to € 50.9 million in the third quarter of 2023, which was mainly reported in the Facility Management sector: in

(*) Adjusted income statement figures are detailed in the paragraph on "Non-recurring events and transactions" below.

addition to the already known trend in prices, market revenues were affected by the reduction in the offer to customers that had already been acquired during previous years.

The quarterly breakdown by SBU shows, as a whole, a decline in the turnover of the Facility Management SBU compared to the third quarter of 2022 (€ 301.4 million in the quarter ended 30 September 2023 against € 240.3 million in the quarter ended 30 September 2022: -€ 61.1 million), which was achieved in all target markets. The Laundering & Sterilization SBU, too, showed a decrease in revenues, equal to € 1.8 million, during the third quarter of 2023, mainly linked to a decline in volumes in the field of sterilization of surgical instruments.

Adjusted EBITDA in the third quarter of 2023 came to € 22.1 million, showing a decrease of € 5.4 million compared to the same quarter of the previous year (when it was equal to € 27.5 million). While analyzing the performance by sector, both the target SBUs, Facility Management and Laundering & Sterilization, showed a decrease of € 6.6 million and € 0.1 million, respectively, compared to the third quarter of 2022. Average profit margins (**Adjusted EBITDA/Revenues**) came to 8.1% for the quarter ended 30 September 2023 against 8.2% for the same period of the previous year. The performance in terms of EBITDA during the third quarter of 2023 was affected, in the same manner as revenues, by the performance of the comparative quarter, and did not benefit from the tax credit granted under Decree Law no. 21 of 2022 (Conversion Law no. 51 of 20 May 2022), as supplemented, as partial compensation for higher costs incurred for electricity and natural gas (€ 0.3 million in the third quarter of 2023), which had instead been equal to € 4.7 million during the third quarter of 2022.

Adjusted EBIT for the quarter ended 30 September 2023 came to € 10.7 million (3.9% of related Revenues), against € 16.5 million for the same period of the previous year (4.9% of related Revenues). The trend was affected, in absolute terms, by the performance already reported for Adjusted EBITDA (- € 5.4 million), from which must be deducted higher *amortization* and depreciation for € 0.4 million and higher write-downs of receivables (net of releases) for € 0.6 million and lower accruals to provisions for future risks and charges for € 0.6 million (net of the non-recurring provision of € 6.2 million).

Finally, the **Consolidated net result** for the third quarter of 2023 posted a loss of € 4.4 million against a profit of € 12.9 million for the quarter ended 30 September 2022. Furthermore, in addition to the performance in terms of consolidated adjusted EBIT described above, higher net financial charges of € 3.5 million were recognized in the third quarter of 2023, including net foreign exchange losses of € 0.3 million. Financial charges on Senior Secured Notes for the quarter amounted to € 6.8 million in the quarter ended 30 September 2023 against € 6.6 million in the quarter ended 30 September 2022, while amortized cost charges relating to the upfront fees incurred for the issue of Senior Secured Notes amounted to € 0.4 million in both comparative quarters. Furthermore, during the third quarter of 2023 there was the recognition of financial charges on the use of the Revolving Credit Facility (RCF) for € 0.3 million (compared to € 0.2 million in the third quarter of 2022), and of additional charges on the same facility, equal to € 0.2 million, in line with the figure recorded in the comparative period. Furthermore,

during the quarter there was the recognition of higher interest discount charges of € 0.4 million compared to the same period of the previous year, and of higher financial costs on leases for € 0.2 million; on the contrary, financial costs remained stable on contingent liabilities for the acquisition of minority interests. Finally, financial costs during the third quarter included interest of € 1.0 million on the agreement concerning the credit facility guaranteed by SACE S.p.A., which was entered into during the year. Finally, the result before tax for the quarter was affected by taxes for the period, which showed an increase of € 2.4 million compared to the same quarter of 2022.

	30 September 2023	30 June 2023	31 December 2022	30 September 2022
Net Working Operating Capital (NWOC)	149,605	137,474	68,507	107,206
Financial indebtedness	(491,329)	(472,076)	(449,776)	(475,139)

From an equity and financial point of view, Net Working Operating Capital (**NWOC**) at 30 September 2023 recorded an increase compared to both the value posted during the previous quarter (+ € 12.1 million) and the value posted at the end of the previous year (+ € 81.1 million). Specifically, the third quarter of 2023 saw the recognition of higher trade receivables for € 7.7 million and lower trade payables for € 4.4 million, against a Financial Indebtedness that reported a negative change equal to € 19.3 million compared to the end of the previous quarter. During the first 9 months of 2023 trade receivables were assigned to factoring companies without recourse for a total of € 241.1 million (of which € 63.3 million during the third quarter) and VAT receivables were assigned without recourse for € 20.7 million (of which € 8.4 million during the third quarter).

At 30 September 2023 DSO came to 160 days, showing a decrease compared to both 31 December 2022 (when it was equal to 167 days) and 30 September 2022 (when it was equal to 168 days). The performance of the average DPO came to 187 days at 30 September 2023, down compared to the value posted at 31 December 2022 (213 days) and 30 September 2022 (203 days). After excluding the benefit of the energy and gas tax credits for the period, the average DPO would stand at 170 days and 192 days at 30 September 2023 and 31 December 2022, respectively. The amounts collected from customers and payments to suppliers entailed total cash outflows of - € 13.3 million during the third quarter of 2023. The changes described above still reflect the events that involve the energy sector (first of all higher volumes and greater pressure from energy suppliers) and the consequent measures put in place by the management, such as the reduction of the invoicing period and the use of available lines of credit.

Financial indebtedness showed an increase of € 19.3 million during the quarter ended 30 September 2023. From the cash flows generated from operating activities during the quarter (€ 3.5 million) and financing activities (€ 2.9 million) must be deducted the cash flow absorbed by the change in NWOC (€ 13.3 million), and the uses of resources for net industrial investments (€ 9.0 million), as well as by the uses of provisions for future risks and charges and the provision for Employee Termination Indemnity (TFR) for the quarter (€ 2.9 million) and by changes in other operating assets and liabilities that were

recorded during the quarter (€ 0.4 thousand): in particular, in addition to the normal seasonal trend in receivables from and payables to employees (showing a decrease of € 7.9 million in the quarter) and payables for receipts to be paid to the members of the Temporary Business Grouping (the debt balances of which showed an increase of € 1.4 million), there was the recognition of cash inflows as a result of the release of a portion of security deposits on gas contracts (+ € 4.3 million) during the quarter, as well as against net VAT credit balances of the Group companies (+ € 3.0 million), which were included in assignments without recourse for a total amount of € 8.4 million during the quarter, and net balances for tax credits, particularly electricity and gas (+ € 10.1 million), and an outflow mainly due to the payment of the installments of the Antitrust Authority's order for sanctions (- € 3.0 million).

2. THE REKEEP GROUP'S CONSOLIDATED PERFORMANCE OF OPERATIONS AND FINANCIAL POSITION AT 30 SEPTEMBER 2023

2.1 Consolidated results of operations in the first 9 months of 2023

The table below shows the main income figures relating to the first 9 months of 2023 compared to the figures of the same period in 2022.

(in thousands of Euro)	For the 9 months ended 30 September		For the quarter ended 30 September	
	2023	2022	2023	2022
Revenues	870,197	946,423	272,843	335,315
Costs of production	(780,168)	(865,751)	(252,928)	(307,842)
EBITDA	**90,029**	**80,672**	**19,915**	**27,473**
EBITDA %	**10.3%**	**8.5%**	**7.3%**	**8.2%**
Amortization, depreciation, write-downs and write-backs of assets	(30,766)	(29,593)	(10,922)	(9,941)
Accrual of provisions for risks and charges	(11,248)	1,285	(447)	2,363
Operating Income (EBIT)	**48,015**	**52,364**	**8,546**	**19,895**
EBIT %	**5.5%**	**5.5%**	**3.1%**	**5.9%**
Share of net profit of associates	102	690	269	276
Net financial charges	(37,704)	(26,608)	(12,118)	(8,580)
Profit before taxes (EBT)	**10,413**	**26,446**	**(3,303)**	**11,591**
EBT %	**1.2%**	**2.8%**	**N.A.**	**3.5%**
Income taxes	(9,998)	(6,723)	(1,078)	1,303
Profit (loss) from continuing operations	415	19,723	(4,381)	12,894
Profit (loss) from discontinued operations	0	0	0	0
CONSOLIDATED NET PROFIT (LOSS)	**415**	**19,723**	**(4,381)**	**12,894**
CONSOLIDATED NET PROFIT (LOSS) %	**0.0%**	**2.1%**	**N.A.**	**3.8%**
Minority interests	(745)	(309)	(234)	(151)
NET RESULT ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT	**(330)**	**19,414**	**(4,615)**	**12,743**
NET RESULT ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT %	**N.A.**	**2.1%**	**N.A.**	**3.8%**

NON-RECURRING EVENTS AND TRANSACTIONS

During the first 9 months of 2023, the Rekeep Group recognized, in the Statement of Profit/Loss for the period, some "non-recurring" items of results of operations, which impacted on the normal trends in 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, performance of operations and cash flows.

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

(in thousands of Euro)	For the 9 months ended 30 September	
	2023	2022
Costs from reorganization of company units	1,855	1,425
M&A and non-recurring transactions of Group companies	1,510	10
Non-recurring costs on foreign operations	2,515	0
Legal advice fees concerning pending administrative disputes	0	517
Non-recurring tax charges	0	132
NON-RECURRING EXPENSES (INCOME) IMPACTING ON EBITDA	**5,879**	**2,084**
Provisions for non-recurring costs on foreign operations	6,177	0
Net non-recurring releases for risks on contracts	0	(3,257)
NON-RECURRING EXPENSES (INCOME) IMPACTING ON EBITDA AND EBIT	**12,056**	**(1,173)**

During the first 9 months of 2023 the Group incurred non-recurring costs impacting on EBITDA for a total of € 5.9 million. Of these an amount of € 1.9 million was linked to reorganization projects involving the business units of the parent company and some subsidiaries and the Group's structures while an amount of € 1.5 million related to costs for M&As, both current and completed in previous years, and other minor non-recurring transactions. Furthermore, the opening of international arbitration proceedings on the part of the subsidiary in Saudi Arabia, as described above, entailed the payment of non-recurring costs impacting on EBITDA for € 2.5 million during the period, mainly relating to costs for streamlining the subsidiary's units following the termination of the Metro Riyadh contract and legal fees concerning the litigation in progress, as well as a provision being set aside for charges that are expected to be incurred in future years until the completion of the procedure, impacting on EBIT for € 6.2 million.

As at 30 September 2022 there was the recognition of non-recurring costs relating to the reorganization of company units, equal to € 1.4 million, legal disputes with the Competition Authority and Consip S.p.A. and a provision set aside for additional non-recurring costs that were expected to be incurred on some energy contracts, as well as the partial release of the same

provision for risks and charges set aside in previous years, as restated following the issue of a clarification in terms of regulations.

Consolidated Adjusted EBITDA and EBIT are thus represented as follows:

(in thousands of Euro)	For the 9 months ended 30 September	
	2023	2022
EBITDA	**90,029**	**80,672**
Non-recurring expenses (income) impacting on EBITDA	5,879	2,084
Adjusted EBITDA	**95,908**	**82,756**
Adjusted EBITDA % on Revenues	**11.0%**	**8.7%**
EBIT	**48,015**	**52,364**
Non-recurring expenses (income) impacting on EBITDA and EBIT	12,056	(1,173)
Adjusted EBIT	**60,071**	**51,191**
Adjusted EBIT % on Revenues	**6.9%**	**5.4%**

REVENUES

During the period ended 30 September 2023 the Group recorded ***Revenues*** of € 870.2 million against € 946.4 million in the same period of the previous year, recording a loss of € 76.2 million (-8.1%).

The performance of revenues for the period was affected by falling prices, particularly of energy, which has an impact on the pricing charged to customers, above all under the contracts for the provision of energy services. Furthermore, there was the termination of some contracts in the portfolio during the first 9 months of 2023, which was only partially offset by the entry of projects into full operation under the contracts acquired in the second half of 2022 and the first half of 2023. The performance of the International Markets was positive (+ € 14.7 million), thanks to the contribution given by the Group controlled by Rekeep Polska and the French subsidiaries in the Healthcare sector, which offset the lack of contribution in terms of revenues recorded by subsidiary Rekeep Saudi Co Ltd in Saudi Arabia, as a result of what is reported above in the preamble.

The table below shows the breakdown of consolidated Revenues by target Market for the first 9 months of 2023 compared to the figure of the same period in the previous year.

REVENUES BY MARKET

(in thousands of Euro)	For the 9 months ended 30 September				For the quarter ended 30 September	
	2023	% on total Revenues	2022	% on total Revenues	2023	2022
Public Authorities	159,205	18.3%	183,401	19.4%	48,167	53,674
Healthcare	551,703	63.4%	576,578	60.9%	173,736	220,061
Private Customers	159,289	18.3%	186,444	19.7%	50,940	61,581
CONSOLIDATED REVENUES	**870,197**		**946,423**		**272,843**	**335,315**

Revenues in the Healthcare sector showed a decrease of € 24.9 million in the period compared to the same period of 2022, from € 576.6 million to € 551.7 million, achieving a weight of 63.4% of total consolidated Revenues. The Private and Public markets, too, showed a decline in volumes, equal to € 27.2 million and € 24.2 million, respectively, compared to the first 9 months of 2022. The fall in turnover in all markets was attributable to the different trend in prices between the two periods under comparison: the comparative figure was in fact characterized by the considerable increase in prices during the last year, which had affected all markets.

Analysis of revenues by business segment

A comparison of Group Revenues by segment of business is provided below. The business segments have been identified according to IFRS 8 and correspond to the business areas defined as “Facility Management” and “Laundering & Sterilization”.

REVENUES BY SEGMENT

(in thousands of Euro)	For the 9 months ended 30 September				For the quarter ended 30 September	
	2023	% on total Revenues	2022	% on total Revenues	2023	2022
Facility Management	769,314	88.4%	845,058	89.3%	240,323	301,397
of which International markets	*154,992*	*17.8%*	*140,258*	*14.8%*	*52,871*	*45,492*
Laundering & Sterilization	113,766	13.1%	106,696	11.3%	35,709	37,515
Eliminations	(12,884)		(5,331)		(3,188)	(3,597)
CONSOLIDATED REVENUES	**870,197**		**946,423**		**272,843**	**335,315**

Revenues of the *Facility Management* SBU recorded a decrease of € 75.7 million (-9.0%) in the first 9 months of 2023 compared to the same period of the previous year, from € 845.1 million at 30 September 2022 to € 769.3 million at 30 September 2023.

Revenues in the sector were affected by the different trend reported in prices during the two comparative periods: in fact, in the first 9 months of 2023 there was a decline in prices, particularly of energy, compared to the same period of the previous year, when prices were rising steadily. Furthermore, this performance was also contributed to by the exit of same contracts in the Public and Private sectors from the portfolio and the lack of contribution in terms of revenues recorded by subsidiary Rekeep Saudi Co Ltd in Saudi Arabia, as already described above. The International Markets provided a contribution of € 155.0 million to the sector (+10.5% compared to the same period in the previous year).

On the other hand, revenues of the *Laundering & Sterilization SBU* increased from € 106.7 million for the period ended 30 September 2022 to € 113.8 million for the period ended 30 September 2023. Therefore, the sector recorded an increase of € 7.1 million in the period, benefiting from the entry of projects into full operation under certain contracts on which work had commenced in the second half of 2022 and revenue adjustments, which offset the decline in volumes in the business segment of surgical instruments sterilization recorded in the last quarter.

The *Facility Management SBU* recorded a relative weight of 88.4% on total consolidated revenues in the quarter (89.3% in the third quarter of 2022).

EBITDA

The Group's EBITDA came to € 90.0 million for the period ended 30 September 2023, showing an increase of € 9.4 million compared to € 80.7 million in the same period of the previous year. However, EBITDA during the two comparative periods expensed non-recurring costs of € 5.9 million at 30 September 2023 and € 2.1 million at 30 September 2022. Therefore, Adjusted EBITDA, excluding these non-recurring elements, amounted to € 95.9 million at 30 September 2023, against Adjusted EBITDA of € 82.8 million at 30 September 2022 (+ € 13.2 million).

Below is provided a comparison of EBITDA by business segment for the period ended 30 September 2023 compared to the same period of 2022:

EBITDA BY SEGMENT

(in thousands of Euro)	For the 9 months ended 30 September				For the quarter ended 30 September	
	2023	% on Revenues by segment	2022	% on Revenues by segment	2023	2022
Facility Management	68,345	8.9%	59,937	7.1%	13,112	19,716
of which International markets	*(1,244)*		*7,407*		*458*	*1,279*
Laundering & Sterilization	21,684	19.1%	20,735	19.4%	6,804	7,756
CONSOLIDATED EBITDA	**90,029**	**10.3%**	**80,672**	**8.5%**	**19,916**	**27,473**

The *Facility Management* SBU showed EBITDA of € 68.3 million at 30 September 2023, showing an increase of € 8.4 million compared to € 59.9 million in the same period of the previous year, despite the International Markets' negative performance in terms of EBITDA for € 1.2 million, of which an amount of € 7.0 million relating to the losses reported by Rekeep Saudi Co Ltd, as a result of exiting the contract for the delivery of operation and maintenance services for four lines of the Riyadh Metro. After excluding the non-recurring items that affected the consolidated results recorded during the two comparative periods, which had an impact on the sector equal to € 5.5 million and € 1.8 million, respectively, Adjusted EBITDA by segment came to € 73.8 million at 30 September 2023 against € 61.7 million at 30 September 2022 (+ € 12.1 million). The change in EBITDA by segment, which was recorded during the first 9 months of the year, was still affected by the consequences of the ongoing conflict in Eastern Europe and by the consequent trends in prices, particularly those of energy, which had an impact on revenues, as already previously described and reduced pressure on costs at the same time. Furthermore, EBITDA for the period benefited from the tax credit granted under Decree Law no. 21 of 2022 (Conversion Law no. 51 of 20 May 2022), as supplemented, as partial compensation for higher costs incurred for electricity and natural gas during the first half of 2023, equal to € 17.2 million in the segment at 30 September 2023 (€ 4.4 million in the same period of the previous year).

EBITDA in the *Laundering & Sterilization* SBU for the first 9 months of 2023 came to € 21.7 million, showing an increase compared to the first 9 months of the previous year (+ € 0.1 million). After excluding non-recurring elements which affected the consolidated results and which impacted on this segment for € 0.4 million at 30 September 2023 and € 0.3 million at 30 September 2022, Adjusted EBITDA by segment came to € 22.1 million at 30 September 2023 against € 21.0 million at 30 September 2022. The result in terms of EBITDA in the *Laundering & Sterilization* business segment benefited from the positive trend in revenues, as already analyzed above. Furthermore, this segment too benefited from the tax credit for electricity and natural gas to cover a percentage of the costs incurred during the first half of 2023, equal to € 1.0 million at 30 September 2023 (€ 0.3 million in the same period of the previous year).

Costs of production

At 30 September 2023, *Costs of production*, which amounted to € 780.2 million, showed a decrease of € 85.6 million in absolute values compared to € 865.8 million posted at 30 September 2022 (- 9.9%).

(in thousands of Euro)	For the 9 months ended 30 September				For the quarter ended 30 September	
	2023	% of total	2022	% of total	2023	2022
Costs of raw materials and consumables	178,935	22.9%	271,761	31.4%	57,228	107,447
Change in inventories of finished and semi-finished products	48	0.01%	137	0.0%	65	125
Costs for services and use of third-party assets	233,794	30.0%	242,216	28.0%	77,703	85,473
Personnel costs	360,684	46.2%	346,119	40.0%	115,735	112,886
Other operating costs	7,160	0.9%	6,285	0.7%	2,299	2,442
Capitalization of lower internal construction costs	(453)	N.A.	(767)	N.A.	(102)	(531)
TOTAL COSTS OF PRODUCTION	**780,168**		**865,751**		**252,928**	**307,842**

Costs of raw materials and consumables in the first 9 months of 2023 came to € 178.9 million, showing a decrease of € 92.8 million (-34.2%) compared to the value posted in the first 9 months of 2022, which led to a reduction in the impact on total Costs of Production (22.9% at 30 September 2023 against 31.4% at 30 September 2022). The change in the item was mainly linked to the decrease in costs for fuel consumption and other energy resources following the decline in the price of raw materials compared to the same period of the previous year, when inflationary pressure was most pronounced. In both comparative periods, the impact of costs of energy raw materials was partially offset by the tax credit granted under Decree Law no. 21 of 2022 (Conversion Law no. 51 of 20 May 2022), as supplemented, as partial compensation for the higher costs incurred for the purchase of electricity and natural gas, which amounted to € 18.2 million for the Group at 30 September 2023 (€ 4.7 million at 30 September 2022).

Costs for services and use of third-party assets came to € 233.8 million at 30 September 2023, down by € 8.4 million compared to the value posted at 30 September 2022 (€ 242.2 million) and with an impact of 30.0% (28.0% in the comparative period) on total Costs of Production. The trend in the related incidence of *Costs for services and use of third party assets* on the total was directly due 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 € 14.6 million (+ 4.2%) from € 346.2 million at 30 September 2022 to € 360.7 million at 30 September 2023, with an impact on total Costs of Production which came to 40.0% and 46.2%, respectively.

The average number of employees in service during the first half of 2023 was equal to 25,715 while it was 26,838 in the same period in the previous year (of which 23,872 against 25,026 manual workers). 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.

Finally, *Other operating costs* at 30 September 2023 amounted to € 7.2 million (€ 6.3 million at 30 September 2022), up by € 0.9 million compared to the same period of the previous year. The item mainly includes taxes, penalties and other operating costs.

Operating income (EBIT)

In the first 9 months of 2023, Consolidated Operating Income (**EBIT**) came to € 48.0 million (equal to 5.5% of Revenues) against € 52.4 million (5.5% of Revenues) during the same period of 2022.

EBIT for the period was affected by the above-mentioned consolidated performance in terms of EBITDA (+ € 9.4 million compared to the previous year), from which must be deducted higher *amortization and depreciation* of € 1.4 million (€ 30.5 million at 30 September 2023, against € 29.1 million in the same period of the previous year) and *accruals to provisions for risks and charges* (net of reversals) for € 12.5 million, including non-recurring provisions for € 6.2 million at 30 September 2023 and the non-recurring net release of € 3.3 million at 30 September 2022, while adding lower *write-downs* of trade receivables (net of releases) and other assets for € 0.1 million.

Adjusted EBIT, which recognized the same non-recurring items impacting on Adjusted EBITDA, in addition to the non-recurring accruals described above, came to € 60.1 million and € 51.2 million at 30 September 2023 and 30 September 2022, respectively, with relative profit margins (Adjusted EBIT/Revenues) equal to 6.9% and 5.4%, respectively.

Below is a comparison of Operating Income (EBIT) by business segment for the periods ended 30 September 2023 and 30 September 2022:

EBIT BY SEGMENT

(in thousands of Euro)	For the 9 months ended 30 September				For the quarter ended 30 September	
	2023	% on Revenues by segment	2022	% on Revenues by segment	2023	2022
Facility Management	42,455	5.5%	47,595	5.6%	7,111	17,598
of which International Markets	*(15,407)*		*7,407*		*(1,523)*	*3,098*
Laundering & Sterilization	5,560	4.9%	4,769	4.5%	1,436	2,296
CONSOLIDATED EBIT	**48,015**	**5.5%**	**52,364**	**5.5%**	**8,546**	**19,894**

At 30 September 2023 EBIT in the *Facility Management* SBU was equal to € 42.5 million, down by € 5.1 million compared to 30 September 2022, with operating profit margins coming to 5.5% of Revenues by segment (5.6% at 30 September 2022). Adjusted EBIT by segment showed an increase from € 46.1 million at 30 September 2022 to € 54.1 million at 30 September 2023.

Adjusted EBIT by segment reflected the abovementioned performance in terms of Adjusted EBITDA (+ € 12.1 million) from which must be deducted higher amortization and depreciation for € 1.2 million, and higher accruals, net of releases on provisions for future risks and charges and non-recurring items for € 3.1 million and to which must be added lower write-downs of trade receivables (net of releases) for € 0.2 million.

EBIT by segment in the *Laundering & Sterilization* SBU showed an increase of € 0.1 million and profit margins of 4.9% in terms of EBIT on related Revenues by segment (4.5% at 30 September 2022).

Adjusted EBIT by segment increased from € 5.1 million at 30 September 2022 to € 6.0 million at 30 September 2023, reflecting the positive performance in terms of Adjusted EBITDA compared to the same period of the previous year (+ € 1.1 million), as well as higher amortization and depreciation for € 0.1 million.

Profit (loss) before tax from continuing operations

To the consolidated EBIT must be added the net income for the companies valued at equity, equal to € 0.1 million (against a net income of € 0.7 million during the same period in the previous year).

Net financial charges of € 37.7 million were also recognized (€ 26.6 million at 30 September 2022), thus obtaining a Result before tax from continuing operations equal to € 10.4 million (€ 26.4 million at 30 September 2022).

Below is the breakdown by nature of net financial charges for the first 9 months of 2023 compared to the same period of the previous year:

(in thousands of Euro)	For the 9 months ended 30 September		For the quarter ended 30 September	
	2023	2022	2023	2022
Dividends and income (loss) from sale of investments	312	129	372	44
Financial income	1,310	2,438	677	1,697
Financial charges	(39,630)	(31,925)	(14,767)	(11,650)
Profit (loss) on exchange rate	304	2,750	1,600	1,329
NET FINANCIAL CHARGES	**(37,704)**	**(26,608)**	**(12,118)**	**(8,580)**

Dividends were accounted for from non-consolidated companies for € 0.2 million in the first 9 months of 2023 (€ 0.1 million at 30 September 2022). Furthermore, net costs from sales of equity investments were stated for € 0.2 million at 30 September 2023 (against a non-significant amount at 30 September 2022).

Financial income amounted to € 1.3 million at 30 September 2023, showing a decrease compared to € 2.4 million in the same period of 2022, when higher default interest of € 1.5 million had been recognized in respect of a customer following the award in court.

The impact of *financial charges* on the consolidated results of operations for the period was equal to € 39.6 million compared to € 31.9 million for the same period of 2022, showing an increase of € 7.7 million.

The financial charges accrued on the coupons of the Senior Secured Notes amounted to € 19.7 million in the first 9 months of 2023 (€ 20.0 million in the same period of the previous year). The upfront fees relating to the Senior Secured Notes issued in 2021 and accounted for according to the amortized cost method entailed financial amortization charges of € 1.2 million during the period (€ 1.1 million at 30 September 2022).

At the same time as the bond issue, the Parent Company Rekeep S.p.A. entered into a 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 entailed the payment of financial charges of € 0.6 million in the period (including commitment fees charged by banks), in line with the same period in the previous year. Furthermore, the use of the credit facility during the period led to charging financial costs of € 1.1 million (€ 0.6 million at 30 September 2022).

The new confirming line of credit of € 60 million that was signed by the Parent Company Rekeep S.p.A. with SACE Fct S.p.A., the factoring company of the SACE group, which is the lead manager of the transaction, and Banca Sistema S.p.A. on 20 April 2023 entailed the payment of financial costs of € 1.6 million in the first 9 months of 2023.

Interest discount costs were also recognized for € 3.1 million during the first 9 months of 2023 in relation to the assignments of trade and VAT receivables without recourse (€ 2.0 million in the same period of the previous year). Furthermore, assignments with recourse and reverse factoring facilities generated financial costs of € 2.2 million at 30 September 2023 against financial costs of € 1.0 million at 30 September 2022.

Finally, foreign exchange gains of € 0.3 million were recorded at 30 September 2023, mainly linked to the fluctuations in Euro/Turkish Lira and Saudi Riyal exchange rates during the period.

Consolidated net Result for the period

From the Profit (loss) before tax from continuing operations for the period (€ 10.4 million) must be deducted taxes of € 10.0 million, thus obtaining a consolidated Net result of € 0.4 million (€ 19.7 million at 30 September 2022).

Below is the breakdown of the consolidated tax rate:

(in thousands of Euro)	For the 9 months ended 30 September	
	2023	**2022**
Profit (loss) before tax from continuing operations	**10,413**	**26,446**
Current, prepaid and deferred IRES tax	(5,803)	(3,364)
Current, prepaid and deferred IRAP tax	(4,195)	(3,360)
Consolidated net result	**415**	**19,723**
Overall tax rate	**96.0%**	**25.4%**

The consolidated tax rate stood at 96.0% at 30 September 2023 compared to a Profit (loss) before tax, which showed a decrease compared to the same period of the previous year, equal to € 16.0 million; higher current, prepaid and deferred taxes were recorded for € 3.3 million due to the reporting of some items excluded from tax base for tax purposes.

2.2 Analysis of the statement of financial position at 30 September 2023

The statement of Sources and Uses is reported below:

(in thousands of Euro)	30 September 2023	31 December 2022
USES		
Trade receivables and advances to suppliers	544,684	537,227
Inventories	13,179	12,088
Trade payables and contract liabilities	(408,258)	(480,808)
Net working operating capital	**149,605**	**68,507**
Other elements of working capital	(151,049)	(120,289)
Net working capital	**(1,444)**	**(51,782)**
Property, plant and equipment	96,593	93,249
Right-of-use assets	56,813	54,625
Goodwill and other intangible assets	422,383	423,223
Investments accounted for under the equity method	13,317	10,121
Other elements of non-current assets	35,537	51,270
Fixed Assets	**624,643**	**632,488**
Non-current liabilities	(58,897)	(57,972)
NET INVESTED CAPITAL	**564,302**	**522,734**
SOURCES		
Equity attributable to non-controlling interests	6,534	6,096
Equity attributable to equity holders of the parent	66,439	66,862
Shareholders' equity	**72,973**	**72,958**
Financial indebtedness	491,329	449,776
of which fair value of call options on subsidiaries' non-controlling interests	*17,013*	*16,046*
FINANCING SOURCES	**564,302**	**522,734**

Net working capital

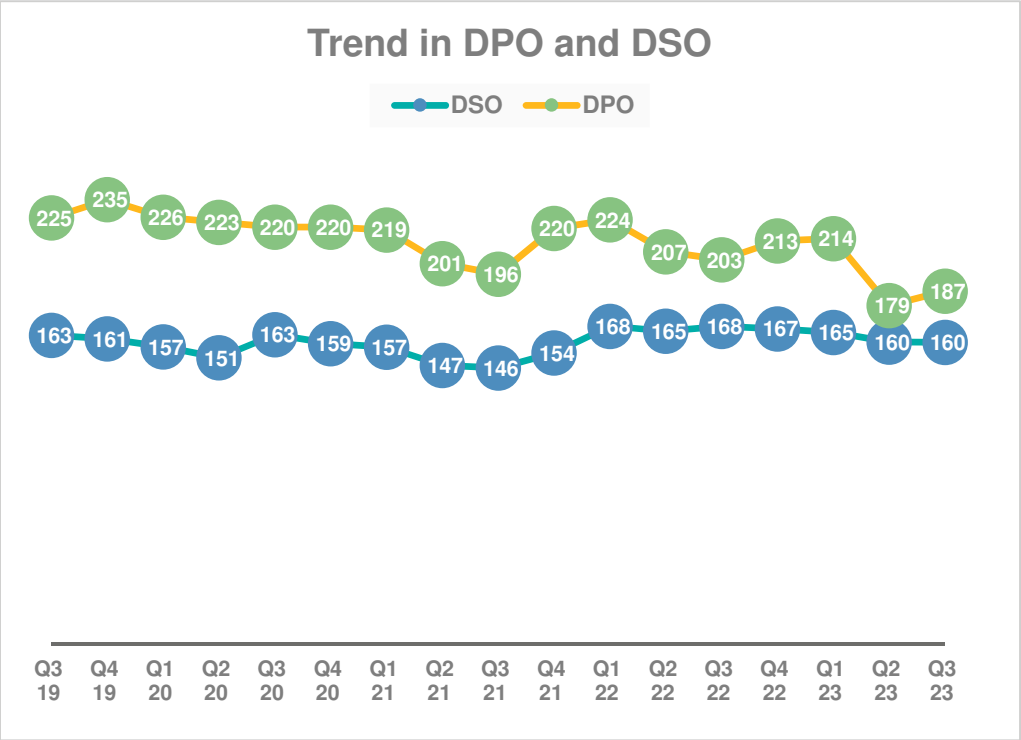
At 30 September 2023, Consolidated Net Working Capital (**NWC**) was negative and equal to € 1.4 million against a negative value of NWC of € 51.8 million at 31 December 2022.

At 30 September 2023, 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 € 149.6 million against € 68.5 million at 31 December 2022. After considering the balance of receivables assigned by the Group without recourse and not yet collected by

the factoring agencies (equal to € 58.4 million at 30 September 2023 and € 101.5 million at 31 December 2022) the **Adjusted NWOC** came to € 208.0 million and € 170.0 million, respectively, during the two comparative periods.

The change in the latter indicator (+ € 38.0 million) was linked to a decrease in the balance of trade payables (+ € 72.6 million), as well as to a decrease in trade receivables (- € 35.7 million, considering the balance of receivables assigned by the Group without recourse and not yet collected by the factoring companies), and a change in the balance in inventories (+ € 1.1 million). At 30 September 2023, Adjusted NWOC was still affected by effects arising from the growth in prices recorded in previous periods, i.e. higher volumes recorded on both trade payables and receivables and greater pressure from energy suppliers.

At 30 September 2023, average DSO was 160 days against 167 days at 31 December 2022 and 168 days at 30 September 2022. Furthermore, average DPO stood at 187 days, showing a decrease compared to the value posted at 31 December 2022 (213 days) and 30 September 2022 (203 days). After excluding the benefit of the energy and gas tax credits for the period, average DPO would stand at 170 days and 192 days at 30 September 2023 and 31 December 2022, respectively. The trends that were recorded in DSO, as well as in DPO, were also linked to the events that involve the energy sector and the consequent actions implemented by the management, such as the reduction of the invoicing period and the use of available lines of credit.



The balance of the other elements in working capital at 30 September 2023 was a net liability of € 151.1 million, up by € 30.8 million compared to a net liability of € 120.3 million at 31 December 2022:

(in thousands of Euro)	30 September 2023	31 December 2022	Change
Current tax receivables	2,299	8,671	(6,372)
Other current assets	42,242	59,211	(16,969)
Provisions for risks and charges, current	(20,521)	(18,483)	(2,038)
Current tax payables	(827)	(21)	(806)
Other current liabilities	(174,242)	(169,667)	(4,575)
OTHER WORKING CAPITAL ELEMENTS	**(151,049)**	**(120,289)**	**(30,760)**

The change in the net liability of other working capital elements, compared to 31 December 2022, was due to a combination of factors, mainly including:

- an increase 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" (+ € 3.6 million). These credit balances allowed, during the first 9 months of 2023, the performance of assignments without recourse of the balances on account of refund required from the Tax Authorities, for a total amount of € 20.7 million;
- a reduction in the balance of tax credits claimed from the Tax Authorities, which includes, among others, the tax credit granted under Decree Law no. 21 of 2022 (Conversion Law no. 51 of 20 May 2022), as supplemented, as partial compensation for higher costs incurred for the purchase of electricity and natural gas, and not yet used at the end of the period, which amounted to € 3.7 million for the Group at 30 September 2023 (€ 24.2 million at 31 December 2022);
- the refund of guarantee deposits on new annual electricity and gas utility contracts for € 2.9 million compared to the deposits outstanding at 31 December 2022;
- a decrease in the balance of net current tax receivables, equal to € 1.5 million at 30 September 2023, against a net receivable of € 8.7 million at 31 December 2022.

Furthermore, "Other current liabilities" include the residual balance of € 58.1 million of the liability recorded by the Parent Company Rekeep S.p.A. following the service of the Competition Authority's updated order for sanctions concerning the Consip FM4 tender and the subsequent entry of the requested amounts in the taxpayers' list on the part of the Revenue Agency, subject to a payment plan of no. 72 monthly installments sent on 22 December 2020 (initially equal to € 82.2 million).

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 € 10.0 million at 30 September 2023 and 31 December 2022, respectively;
- the long-term portion of Provisions for risks and charges (€ 32.0 million at 30 September 2023 against € 30.2 million at 31 December 2022);
- deferred tax liabilities of € 14.5 million at 30 September 2023 (€ 15.8 million at 31 December 2022);
- other non-current liabilities of € 2.4 million at 30 September 2023 (€ 2.0 million at 31 December 2022).

Consolidated financial indebtedness

The breakdown of financial indebtedness at 30 September 2023 is shown below, as determined on the basis of the instructions laid down in CONSOB Communication no. DEM/6064293 of 28 July 2006, as amended by the Guidelines issued by ESMA ("European Securities and Markets Authority") on disclosure requirements (ESMA32-382-1138 of 4 March 2021) and implemented by CONSOB itself in Warning Notice no. 5/21 of 29 April 2021 - "*Compliance with ESMA Guidelines on disclosure requirements under the Prospectus Regulation.*"

The breakdown at 30 September 2023 is compared with the figures at 31 December 2022.

(in thousands of Euro)	30 September 2023	31 December 2022
A. Cash	211	162
B. Cash equivalents (c/a, bank deposits and consortia, non-proprietary accounts)	60,222	84,081
C. Other current financial assets	16,849	7,017
D. Liquidity (A) + (B) + (C)	**77,282**	**91,260**
E. Current financial liabilities	89,701	106,275
F. Current portion of non-current debt	68,195	26,153
G. Current financial indebtedness (E)+(F)	**157,896**	**132,428**
H. Current net financial indebtedness (G) - (D)	**80,614**	**41,168**
I. Non-current financial liabilities	44,963	44,067
J. Debt instruments	365,752	364,541
K. Trade payables and other non-current payables	0	0
L. Non-current financial indebtedness (I) + (J) + (K)	**410,715**	**408,608**
M. TOTAL FINANCIAL INDEBTEDNESS (H) + (L)	**491,329**	**449,776**

Consolidated financial indebtedness increased from € 449.8 million at 31 December 2022 to € 491.3 million at 30 September 2023.

Work continued during the first 9 months of 2023 on the assignments of trade receivables without recourse to factoring companies, including BFF Bank S.p.A., with which the Parent Company Rekeep S.p.A. and other subsidiaries have in place a 3-year maturity factoring agreement concerning the assignment, without recourse and on a revolving basis, of receivables the companies claim from Entities in the National Health System and Public Authorities, for an amount of up to € 300 million, and which was renewed for the last time on 14 January 2022. Furthermore, additional relationships are maintained with factoring companies for converting specifically-agreed credit positions into cash, which are claimed from both Entities in the National Health System and Public Authorities and private individuals. Assignments of trade receivables without recourse that were carried out by the Group during the first 9 months of 2023 amounted to a total of € 241.1 million, in addition to assignments of VAT receivables requested for refund for a total of € 20.7 million. The entire loan portfolio sold under non-recourse contracts was derecognized in accordance with the provisions of IFRS9.

The adjusted consolidated 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 € 58.4 million at 30 September 2023 against € 101.5 million at 31 December 2022) amounted to € 549.7 million at 30 September 2023 against € 551.3 million at 31 December 2022.

Financial indebtedness also included the financial liability related to the fair value measurement of options on the minority interest of subsidiaries Rekeep Polska S.A. and Rekeep France S.a.S., which totaled € 17.0 million at 30 September 2023 (€ 16.0 million at 31 December 2022).

At 30 September 2023, the balance of Cash and cash equivalents, net of short-term lines of credit ("Net Cash") amounted to € 11.1 million (€ 57.1 million at 31 December 2022):

(in thousands of Euro)	**30 September 2023**	**31 December 2022**
Cash and cash equivalents	60,433	84,243
Current bank overdraft, advance payments and hot money	(28,949)	(15,293)
Obligations arising from assignments of trade receivables with recourse	(20,378)	(11,806)
NET CASH	**11,106**	**57,144**

Below is the breakdown of the net financial exposure for bank credit lines and lease agreements entered into with financial institutions (Net Debt) at 30 September 2023 compared to the value posted at 31 December 2022:

(in thousands of Euro)	30 September 2023	31 December 2022
Senior Secured Notes (nominal value)	370,000	370,000
Bank debts (nominal value)	49,101	838
Financial lease liabilities	49,475	48,956
Current bank overdraft, advance payments and hot money	28,949	15,293
Obligations arising assignments of receivables with recourse	20,378	11,806
Payables for reverse factoring	11,610	33,813
GROSS DEBT	**529,513**	**480,706**
Receivables and other current financial assets	(16,849)	(7,017)
Cash and cash equivalents	(60,433)	(84,243)
NET DEBT	**452,231**	**389,446**

During the first 9 months of 2023 there was the recognition of higher uses of credit lines for the assignment of trade receivables with recourse (+ € 8.6 million compared to 31 December 2022) and higher uses of Current bank overdraft, advance payments and hot money (+ € 13.7 million compared to 31 December 2022). On the other hand, there was a lower use of reverse factoring lines for € 22.2 million, thanks to the use of the Confirming credit line underwritten with SACE Factoring S.p.A. in April 2023 for payments to suppliers, which, on the other hand, entailed the recognition of a 18-month loan in the accounts, with a residual value of € 48.0 million at 30 September 2023 (stated among bank debts). During the first 9 months of 2023, there was the short-term reclassification, among current financial assets, concerning the sums pledged as cash collateral for gas supply contracts and not yet repaid (€ 12.4 million), as they can be settled within 1 year from the end of the period.

The change in consolidated "Cash and cash equivalents" is analyzed in the table below, which shows the cash flows for the first 9 months of 2023, 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 in the Interim Report on Operations, presented in the condensed Explanatory Notes pursuant to IAS 7.

(in thousands of Euro)	2023	2022
At 1 JANUARY	**84,243**	**99,512**
Cash flow from current operations	48,478	50,226
Uses of provisions for risks and charges and payments of the Employee Termination Indemnity (TFR)	(7,874)	(3,441)
Change in NWOC	(80,941)	(59,100)
Industrial capex, net of disposals	(29,789)	(31,814)
Financial capex, net of disposals	14,005	(16,918)

Change in net financial liabilities	17,743	42,196
Other changes	14,568	(33,442)
AT 30 SEPTEMBER	**60,433**	**47,218**

The overall cash flows mainly reflect:

- a flow generated from current operations for € 48.5 million (against inflows of € 50.2 million at 30 September 2022);
- outflows from the use of provisions for future risks and charges and for employee termination benefits for € 7.9 million (€ 3.4 million at 30 September 2022);
- a cash flow used for changes in NWOC for € 80.9 million (€ 59.1 million at 30 September 2022) resulting from an outflow correlated to an increase in trade receivables for € 5.7 million (- € 112.3 million during the first 9 months of 2022), an increase in inventories for € 1.1 million (against inflows of € 0.1 million at 30 September 2022) and a decrease in trade payables for € 74.1 million (against inflows of € 53.2 million at 30 September 2022);
- a cash outflow of € 29.8 million used in industrial investments (€ 31.8 million during the first 9 months of 2022), net of disposals for € 2.0 million (€ 1.1 million in the same period of the previous year);
- a flow generated from financial investments and disinvestments of € 14.0 million during the first 9 months of 2023, mainly related to the sums pledged as cash collateral for gas supply contracts, of which an amount of € 4.5 million was repaid in the period and an amount of € 12.4 million reclassified to short-term financial receivables, partly offset by cash outflows for the acquisition of the "Major Customers" business unit (€ 0.8 thousand) and the deconsolidation of some consortium companies put in liquidation; on the contrary, at 30 September 2022 there had been the recognition of cash outflows, equal to € 16.9 million, mainly linked to the acquisition from the parent company MSC of the “Personnel Activities” business unit, which took place on 1 July 2022 for € 13.8 million and the acquisition of the residual minority interest in a subsidiary for € 1.0 million, as well as to the deconsolidation of companies put into liquidation and the acquisition of minority interest in non-consolidated companies;
- an increase in net financial liabilities of € 17.7 million, which was mainly due to (i) net changes relating to the use of short-term credit lines for hot money and advances on invoices (+ € 13.7 million), reverse factoring transactions (- € 22.2 million), and assignments of trade receivables with recourse (+ € 8.6 million); (ii) a lower 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 (- € 12.7 million); (iii) a change in the balance of accrued interest (- € 5.8 million); (iv) an increase in loans following the signature of the agreement concerning a confirming line of credit with SACE Fct for € 48.3 million; (v) an increase in financial liabilities recognized on lease agreements (+ € 0.5 million); (vi) the short-term reclassification of sums pledged as cash collateral for gas supply contracts and not yet repaid (- € 12.4 million); (vii) the effects of the fair value adjustment of the contingent liability, at the end of the period, for put options on minority interests (+ € 0.1 million). During the same period of the previous year there had been an increase in net financial liabilities for € 42.2 million, which was mainly due to (i) changes relating to the use of short-term credit lines for hot money and advances on invoices (+ € 9.8 million) and for assignments of trade receivables with recourse (+ € 0.2 million), as well as for reverse

factoring transactions (+ € 16.9 million); (ii) 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 (+ € 7.6 million); (iii) an increase in the financial liability stated on leases (+ € 1.7 million) (iv); the partial repayment of the loan granted to the parent company MSC (+ € 9.0 million); (vi) the collection of the final tranche of the receivable claimed by Servizi Ospedalieri in relation to the sale of a minority interest that took place in previous years (+ € 1.1 million);

- cash inflows arising from other changes recorded in the period for € 14.6 million, mainly due to the net effect of: (i) the cash flow absorbed by the net VAT credit balance for the Group companies, which increased by € 3.6 million during the period, albeit against non-recourse assignments totaling € 20.7 million; (ii) changes in debt balances for payments due to the members of the Temporary Business Grouping for (+ € 5.7 million); (iii) an increase in payables for personnel for € 6.7 million; (iv) 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 (- € 8.5 million); (v) the use of tax credits, in particular the tax credit on electricity and gas consumption (+ € 20.5 million); (vi) the decrease in receivables for guarantee deposits paid on new annual electricity and gas utility contracts (+ € 2.9 million). Other changes in the first 9 months of 2022 absorbed total flows of € 33.4 million, mainly due to the net effect of: (i) the outflow generated by the net VAT credit balance of the Group companies, which increased by € 15.1 million in the first 9 months of 2022, albeit against non-recourse assignments totaling € 15.0 million; (ii) changes in debt balances for payments due to the members of the Temporary Business Grouping for (+ € 1.5 million); (iii) an increase in payables for personnel for € 3.6 million; (iv) 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 (- € 3.2 million); (v) the increase in tax credits following the recognition of a tax credit on electricity and gas consumption (- € 4.7 million) and credits for deposits paid on new annual electricity and gas utility contracts (- € 7.4 million).

Industrial and financial Capex

In the first 9 months of 2023 the Group made gross capital expenditures which totaled € 31.8 million (€ 32.9 million during the same period of the previous year) from which must be deducted disinvestments of € 2.0 million (€ 1.1 million in the same period of the previous year):

(in thousands of Euro)	For the year ended 30 September	
	2023	2022
Acquisition of owned properties	56	1,984
Acquisition of owned plant and equipment	24,903	24,897
Acquisition of rights of use of properties[(1)]	883	1,144
Acquisition of rights of use of plant and equipment[(1)]	2,771	2,172
Other investments in intangible assets	3,167	2,674
INDUSTRIAL CAPEX	**31,781**	**32,871**

[(1)] Excluding increases in rights of use for lease and long-term hire agreements

Acquisitions of company-owned plant and equipment included investments of € 10.0 million (€ 3.5 million at 30 September 2022) in the "centralized kitchens" project to support the catering services provided by the Polish sub-group, in addition to Servizi Ospedalieri S.p.A.'s purchases of linen for the linen rental and industrial laundering business, which requires periodic and frequent repairs, equal to € 9.4 million (€ 9.5 million at 30 September 2022) and of surgical instruments for € 1.7 million (€ 1.3 million at 30 September 2022).

During the period investments in surgical instruments at Servizi Ospedalieri were also partly made under lease agreements (€ 2.3 million). At 30 September 2022, acquisitions under leases in the sector amounted to € 0.4 million for surgical instruments and € 1.8 million for linen. Among rights of use of properties for the period is instead the lease agreement signed by subsidiary Medical Device in relation to a property previously held under ownership (sale & lease back agreement) and related works necessary for refurbishment (€ 0.8 million).

Finally, during the first 9 months of 2022 the subsidiary Servizi Ospedalieri S.p.A. had acquired ownership over an industrial building for € 2.1 million while the subsidiary Medical Device S.r.l. had signed a property lease agreement for € 1.1 million relating to a building previously held under lease.

Investments in intangible assets for the period amounted to € 3.2 million (€ 2.7 million at 30 September 2022) and mainly related to ICT investments on the part of the Parent Company for the upgrading and enhancement of its SAP infrastructure and other similar investments.

Below is reported the breakdown of capital expenditures in terms of SBUs:

(in thousands of Euro)	For the 9 months ended 30 September	
	2023	2022
Facility Management	16,129	14,451
of which relating to International Markets	*10,955*	*7,819*
Laundering & Sterilization	15,652	18,420
INDUSTRIAL CAPEX	**31,781**	**32,871**

Financial investments during the first 9 months of 2023, net of disinvestments, generated financial resources for € 14.0 million. Specifically, there was the repayment of sums pledged as cash collateral for gas supply contracts for € 4.5 million in the period while the remaining portion of € 12.4 million was reclassified as short-term as it can be released within 1 year from the end of the period. These flows were partly offset by cash outflows for the acquisition of the "Major Customers" business unit (€ 0.8 thousand) and for the deconsolidation of some consortium companies put into liquidation. On the other hand, there had been the recognition of cash outflows of € 16.9 million during the same period of the previous year, mainly linked to the acquisition of

the "Personnel Activities" business unit, which took place on 1 July 2022 for € 13.8 million and the acquisition of the residual minority interest in a subsidiary for € 1.0 million, as well as to the deconsolidation of companies put into liquidation.

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 2022	Business combinations	New loans	Refunds/ Payments	Buy-back/ Early redemption	Other changes	30 September 2023
Senior Secured Notes	364,541					1,211	**365,752**
Revolving Credit Facility (RCF)	0		105,000	(105,000)			**0**
Bank loans	838	398	60,000	(12,135)			**49,101**
Current bank overdraft, advance payments and hot money	15,293		28,949	(15,293)			**28,949**
Accrued expenses and deferred income on loans	10,631			(26,850)		21,004	**4,785**
BANK DEBTS	**391,303**	**398**	**193,949**	**(159,278)**	**0**	**22,215**	**448,587**
Lease liabilities	48,956		3,655	(2,768)	(329)	(39)	**49,475**
Payables for assignments of trade receivables with recourse	11,806		47,162	(38,589)			**20,378**
Reverse factoring payables	33,813		11,610	(33,813)			**11,610**
Receipts on behalf of assignees of trade receivables without recourse	28,480		15,767	(28,480)			**15,767**
Fair value Put option	16,046					966	**17,013**
Other current financial liabilities	10,632		1,124	(5,975)			**5,782**
FINANCIAL LIABILITIES	**541,036**	**398**	**273,267**	**(268,903)**	**(329)**	**23,142**	**568,611**
Current financial assets	(7,017)		(13,634)	3,801			**(16,849)**
NET FINANCIAL LIABILITIES	**534,019**	**398**	**259,633**	**(265,102)**	**(329)**	**23,142**	**551,762**

The residual debt for principal relating to the Senior Secured Notes was equal to € 370.0 million at 30 September 2023, to which must be added the accounting adjustment on the premium and additional issue costs, accounted for according to the amortized cost method (€ 4.2 million). The financial amortization of this adjustment generated financial costs of € 1.2 million in the first 9 months of 2023. The facility also entailed the payment of periodic six-monthly interest, which affected the period for € 19.7 million (€ 20.0 million in the same period in the previous year).

At the same time as the issue of Notes the Company also signed a new revolving loan agreement in a maximum amount of € 75 million. The facility was partially used during the period in order to meet any possible temporary cash requirements, and was promptly repaid (at 30 September 2023 the RCF facility had not been drawn down); the uses for the period led to financial interest costs being charged for € 0.9 million during the first 9 months of 2023 (€ 0.6 million at 30 September 2022).

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 recognized 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. The financial parameters had been complied with as at the date of these financial statements.

Bank loans showed an increase at 30 September 2023, as a result of the execution by the Parent Company Rekeep S.p.A. of the Confirming credit line made available by SACE Fct S.p.A. and Banca Sistema with counter-guarantee from SACE S.p.A. for an initial nominal amount of € 60 million, repayable in 18 months as from 30 September 2023 (for a residual debt of € 48 million at period-end). The available credit line can be used to repay debts to its suppliers and subcontractors: the line had been almost entirely used at 30 September 2023 and generated financial costs of € 1.6 million in the period.

Furthermore, at 30 September 2023 there was the recognition of accrued expenses on loans in a total amount of € 5.6 million (almost entirely relating to the amount accrued on the bond coupon due 1 February 2023) and prepaid financial expenses of € 0.8 million, of which an amount of € 0.5 million relating to the remaining amount of costs to be amortized for obtaining the Revolving Credit Facility line, 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 € 0.2 million recognized during the period).

As at the reporting date for the period, short-term uncommitted credit lines had also been used for hot money and advance payments on invoices in order to meet peaks in temporary cash requirements linked to the normal performance of operations of € 28.9 million, against a balance of € 15.3 million at 31 December 2022. 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 the first 9 months of 2023 assignments were made in an overall nominal amount of € 47.2 million while the lines had been used for € 20.4 million at the end of the period (€ 11.8 million at 31 December 2022). The Parent Company also entered into reverse factoring lines in order to ensure a greater amount of cash on some significant suppliers, against which a liability of € 11.6 million was also recognized at 30 September 2023 (€ 33.8 million at 31 December 2022).

At 30 September 2023 the Group recorded receipts concerning receivables included in assignments without recourse for which the respective debtors have not made any payment to the bank accounts specified by the factor, for a value of € 15.8 million. These amounts constitute a financial liability for the Group, since it acts as an agent for the management of receipts on behalf of the factor, and, therefore, it proceeded with the payment of said amounts at the beginning of the subsequent quarter.

The financial liabilities relating to the present value of future lease payments to be made on leasing, property lease and operating leases amounted to € 49.5 million at 30 September 2023 (against € 49.0 million at 31 December 2022). During the

period new agreements were entered into and rentals were revalued for a present value of € 3.7 million upon recognition while contracts were early terminated for a remaining value of € 0.4 million. Finally, contingent liabilities were recognized under financial liabilities for the acquisition of investments for a total amount of € 17.0 million (€ 16.0 million at 31 December 2022), 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 and the group it controls, in addition to the put option granted in favor of the minority shareholder of Rekeep France on the remaining 30% of the share capital, both of which had been already recognized at 31 December 2022.

Finally, "Other financial liabilities include loans taken out by the Group companies with non-banking counterparties.

The balance of short-term financial assets showed an increase of € 9.8 million in the first 9 months of 2023, mainly as a result of the short-term reclassification of sums pledged as cash collateral for gas supply contracts and not yet repaid for € 12.4 million.

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 non-recourse assignment of trade receivables (€ 1.9 million).

3. UPDATE ON LEGAL PROCEEDINGS

The most significant updates are described below, which were reported at the date of approval of the Consolidated Half-year Financial Report on the disputes described in the explanatory notes of the Consolidated Financial Statements, to which reference should be made for more details.

Antitrust Authority's order for sanctions on the "FM4 Tender" of 2019

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

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 the order 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. On 20 January 2022 discussion on the merits was held before the Council of State, which rejected the appeal submitted by the Company, by judgment filed on 9 May 2022. Against the ruling, the Company filed an appeal for review before the Council of State on 10 June 2022 and an appeal before the Supreme Court on 8 July 2022, both of which were declared as inadmissible following the hearings for discussing the substance of the matter, which were held on 15 June 2023 and 4 April 2023, respectively. The

Company has instructed its legal counsels to submit an appeal before the European Court of Human Rights in relation to the Council of State's ruling on the proceedings for revocation.

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 Consolidated Financial Statements at 30 September 2023 are included in the explanatory notes (notes 14 and 15), to which reference is made.

4. SUBSEQUENT EVENTS AFTER THE END OF THE PERIOD

No significant events are reported which occurred after the end of the period.

5. BUSINESS OUTLOOK

During the following months, the Rekeep Group will continue to work on putting the results achieved so far on a sound financial footing in a structured manner; while monitoring developments in the international geo-political and economic scenario that at present seems to be giving way to a decline in inflationary pressure, which is already beginning to be seen with regard to energy.

Furthermore, the Group's Management confirms that it will continue to monitor the current and projected cash flows expected for the Parent Company and other Group companies in order to take any necessary action to continue to ensure the reduction of debt and working capital levels while still maintaining a good level of liquidity. The Group's Directors, have taken concrete action aimed at finding the best opportunities for the purposes of medium-term debt management.

Consolidated Interim Financial Statements

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CONDENSED CONSOLIDATED FINANCIAL STATEMENTS AND EXPLANATORY NOTES

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(in thousands of Euro)	NOTES	30 September 2023	31 December 2022
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	4	96,593	93,249
Property, plant and equipment under lease	5	56,813	54,625
Goodwill	6-7	405,334	404,935
Other intangible assets	6	17,049	18,288
Investments accounted for under the equity method	8	13,317	10,121
Other investments	9	5,996	5,996
Non-current financial assets and other securities	9	7,857	24,202
Other non-current assets	9	3,511	3,104
Prepaid tax assets		18,173	17,968
TOTAL NON-CURRENT ASSETS		**624,643**	**632,488**
CURRENT ASSETS			
Inventories		13,179	12,088
Trade receivables and advances to suppliers	10	544,684	537,227
Current tax receivables		2,299	8,671
Other current assets	10	42,242	59,211
Current financial assets	12	16,849	7,017
Cash and cash equivalents	12	60,433	84,243
TOTAL CURRENT ASSETS		**679,686**	**708,457**
Non-current assets classified as held for sale		0	0
TOTAL NON-CURRENT ASSETS HELD FOR SALE		**0**	**0**
TOTAL ASSETS		**1,304,329**	**1,340,945**

(in thousands of Euro)	NOTES	30 September 2023	31 December 2022
SHAREHOLDERS' EQUITY			
Share capital		109,150	109,150
Reserves		5,830	6,696
Retained earnings		(48,211)	(76,115)
Profit (loss) attributable to equity holders of the Parent		(330)	27,131
EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT		**66,439**	**66,862**
Capital and reserves attributable to non-controlling interests		5,789	5,728
Profit (loss) attributable to non-controlling interests		745	368
EQUITY ATTRIBUTABLE TO NON-CONTROLLING INTERESTS		**6,534**	**6,096**
TOTAL EQUITY	**11**	**72,973**	**72,958**
NON-CURRENT LIABILITIES			
Employee termination indemnity	13	9,991	9,970
Provisions for risks and charges, non-current	14	31,967	30,192
Non-current loans	12	410,715	408,608
Deferred tax liabilities		14,527	15,819
Other non-current liabilities		2,412	1,991
TOTAL NON-CURRENT LIABILITIES		**469,612**	**466,580**
CURRENT LIABILITIES			
Provisions for risks and charges, current	14	20,521	18,483
Trade payables and contract liabilities	16	408,258	480,808
Current tax payables		827	21
Other current liabilities	16	174,242	169,667
Bank borrowings, including current portion of long-term debt, and other financial liabilities	12	157,896	132,428
TOTAL CURRENT LIABILITIES		**761,744**	**801,407**
Liabilities directly associated with assets held for sale		0	0
TOTAL LIABILITIES DIRECTLY ASSOCIATED WITH NON-CURRENT ASSETS HELD FOR SALE		**0**	**0**
TOTAL LIABILITIES		**1,304,329**	**1,340,945**

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

(in thousands of Euro)	NOTES	For the 9 months ended	
		30 September 2023	30 September 2022
REVENUES			
Revenues from contracts with customers		867,004	943,724
Other revenues		3,193	2,699
TOTAL REVENUES		**870,197**	**946,423**
OPERATING COSTS			
Costs of raw materials and consumables		(178,935)	(271,761)
Change in inventories of finished and semi-finished products		(48)	(137)
Costs for services and use of third-party assets		(233,794)	(242,216)
Personnel costs		(360,684)	(346,119)
Other operating costs		(7,160)	(6,285)
Capitalization of lower internal construction costs		453	767
Amortization, depreciation, write-downs and write-backs of assets	4-5-6	(30,766)	(29,593)
Accrual of provisions for risks and charges	14	(11,248)	1,285
TOTAL OPERATING COSTS		**(822,182)**	**(894,059)**
OPERATING INCOME		**48,015**	**52,364**
FINANCIAL INCOME AND EXPENSES			
Share of net profit of associates	8	102	690
Dividends and income (loss) from sale of investments		312	129
Financial income		1,310	2,438
Financial charges		(39,630)	(31,925)
Profit (loss) on exchange rate		304	2,750
Profit (loss) before tax		**10,413**	**26,446**
Income taxes, current , prepaid and deferred		(9,998)	(6,723)
Net profit (loss) from continuing operations		**415**	**19,723**
Profit (loss) from discontinued operations		0	0
Profit (loss) for the period		**415**	**19,723**
Net profit (loss) for the period attributable to non- controlling interests		(745)	(309)
NET PROFIT (LOSS) FOR THE PERIOD ATTRIBUTABLE TO THE GROUP		**(330)**	**19,414**

	For the 9 months ended	
	30 September 2023	30 September 2022
Basic earnings per share	(0.003)	0.178
Diluted earnings per share	(0.003)	0.178
Basic earnings per share from continuing operations	(0.003)	0.178
Diluted earnings per share from continuing operations	(0.003)	0.178

CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME

(in thousands of Euro)	NOTES	For the 9 months ended	
		30 September 2023	30 September 2022
NET RESULT FOR THE PERIOD		**415**	**19,723**
Other components of the comprehensive income, which will be subsequently reclassified under profit/loss for the year:			
Differences from translation of foreign financial statements		(1,205)	(2,990)
Share of other comprehensive income of entities accounted for using the equity method, which will be subsequently reclassified under profit/loss for the year	8	208	494
Other components of the comprehensive income for the period, which will be subsequently reclassified under profit/loss for the year		**(998)**	**(2,497)**
Other components of the comprehensive income, which will not be subsequently reclassified under profit/loss for the year:			
Actuarial gains (losses) on defined benefit plans	13	**(38)**	**1,030**
Income taxes		41	(42)
Net effect on actuarial gains (losses)		**3**	**988**
Share of other comprehensive income of entities accounted for using the equity method, which will not be subsequently reclassified under profit/loss for the year	8	7	50
Other components of the comprehensive income for the period, which will not be subsequently reclassified under profit/loss for the year		**11**	**1,038**
TOTAL OTHER COMPREHENSIVE INCOME (LOSS), NET OF TAXES		**(987)**	**(1,458)**
COMPREHENSIVE INCOME (LOSS), NET OF TAXES		**(572)**	**18,264**
Equity holders of the Parent		(1,062)	17,983
Non-controlling interests		490	281

CONSOLIDATED STATEMENT OF CASH FLOWS

(in thousands of Euro)	NOTES	For the 9 months ended	
		30 September 2023	30 September 2022
Net result from continuing operations		**415**	**19,723**
Income taxes for the period		9,998	6,723
Profit before tax for the period		**10,413**	**26,446**
Amortization, depreciation, write-downs and (write-backs) of assets		30,766	29,593
Accrual (reversal) of provisions for risks and charges		11,248	(1,285)
Employee termination indemnity provision		1,240	701
Payments of employee termination indemnity		(1,332)	(1,409)
Utilization of provisions		(6,542)	(2,032)
Share of net profit of associates, net of dividends collected		(377)	(366)
Financial charges (income) for the period		37,850	26,737
Operating cash flows before movements in Working Capital		**83,266**	**78,384**
Decrease (increase) of inventories		(1,091)	112
Decrease (increase) of trade receivables and advances to suppliers		(5,715)	(112,340)
Decrease (increase) of other current assets		16,227	(27,914)
Increase (decrease) in trade payables		(74,134)	53,129
Increase (decrease) of other current liabilities		5,393	1,578
Change in Working Capital		**(59,320)**	**(85,435)**
Net interest received (paid) in the period		(40,295)	(26,289)
Income taxes paid in the period		(4,292)	(4,888)
Net cash flow from operating activities		**(20,642)**	**(38,228)**
(Purchase of intangible assets, net of sales)	6	(3,155)	(2,674)
(Purchase of property, plant and equipment)	4-5	(28,614)	(30,197)
Proceeds from sale of property, plant and equipment	4-5	1,980	1,057
Disposal (acquisition) of investments		(198)	(468)
Decrease (increase) of financial assets		2,812	7,062
Financial effects of business combinations	3	(1,975)	(11,296)
Net cash flow from (used in) investing activities		**(29,150)**	**(36,517)**
Lease payments	12	(2,768)	(2,517)
Medium- and long-term borrowings	12	60,000	0

(in thousands of Euro)	NOTES	For the 9 months ended	
		30 September 2023	30 September 2022
Repayment of medium- and long-term borrowings	12	(12,120)	(240)
Net opening (repayment) of short-term bank credit lines	12	13,655	9,776
Other net changes in borrowings	12	(30,731)	19,163
Dividends distributed		(48)	(918)
(Purchase) /sale of subsidiaries' minority shareholdings		(801)	(51)
Differences arising from translation of financial statements in foreign currency		(1,201)	(3,213)
Net cash flow from / (used in) financing activities		**25,986**	**21,999**
Change in cash and cash equivalents		**(23,806)**	**(52,746)**
Cash and cash equivalents at the beginning of the period		84,243	99,512
Change in cash and cash equivalents		(23,806)	(52,746)
Translation differences on cash and cash equivalents		(4)	453
Cash and cash equivalents at the end of the period		**60,433**	**47,218**
Details of cash and cash equivalents:			
Cash and bank current accounts		60,433	47,218
TOTAL CASH AND CASH EQUIVALENTS		**60,433**	**47,218**

SUPPLEMENTARY INFORMATION

(in thousands of Euro)	For the 9 months ended	
	30 September 2023	30 September 2022
Interest paid	(41,605)	(28,724)
Interest received	1,310	2,435
Dividends paid	(48)	(918)
Dividends received	157	213

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

	Share Capital	Reserves	Retained Earnings	Net Result of the period	Equity attributable to Equity holders of the Parent	Equity attributable to non-controlling interests	Total shareholders' equity
1 January 2023	**109,150**	**6,695**	**(76,115)**	**27,131**	**66,862**	**6,096**	**72,958**
Allocation of prior year results		33	27,098	(27,131)	**0**		**0**
Distribution of dividends					**0**	(48)	**(48)**
Business combinations "under common control"		(167)			**(167)**		**(167)**
Change in consolidation area			806		**806**		**806**
Acquisition/sale of minority interests in subsidiaries					**0**	(4)	**(4)**
Total comprehensive income (loss) for the period		(732)		(330)	**(1,062)**	490	**(572)**
30 September 2023	**109,150**	**5,830**	**(48,211)**	**(330)**	**66,439**	**6,534**	**72,973**

	Share Capital	Reserves	Retained Earnings	Net Result of the period	Equity attributable to Equity holders of the Parent	Equity attributable to non-controlling interests	Total shareholders' equity
1 January 2022	**109,150**	**11,510**	**(51,326)**	**(22,588)**	**46,746**	**4,588**	**51,334**
Allocation of prior year results		1,102	(23,690)	22,588	**0**		**0**
Distribution of dividends					**0**	(40)	**(40)**
Currency appreciation due to hyperinflation		117			**117**	113	**230**
Business combinations "under common control"		(6,866)			**(6,866)**		**(6,866)**
Acquisition/sale of minority interests in subsidiaries			(1,099)		**(1,099)**	51	**(1,048)**
Total comprehensive income (loss) for the period		(1,431)		19,414	**17,983**	281	**18,264**
30 September 2022	**109,150**	**4,431**	**(76,115)**	**19,414**	**56,881**	**4,993**	**61,874**

1. GENERAL INFORMATION

The Interim Report on Operations of the Group controlled by Rekeep S.p.A. ("the Rekeep Group" or "the Group") for the 9 months ended 30 September 2023 consists of the Interim Report on Operations and of the condensed Consolidated Interim Financial Statements, which were prepared in the application of IAS 34 – Interim Financial Reporting. The publication of the Rekeep Group's Interim Report on Operations was authorized by a resolution passed by the Board of Directors' meeting of 15 November 2023.

On 30 September 2023 the share capital of Parent Company Rekeep S.p.A. was wholly held by the sole shareholder MSC Società di Partecipazione tra Lavoratori S.p.A., which carries out Management and Coordination activities.

2. ACCOUNTING STANDARDS AND BASIS OF PRESENTATION

The condensed consolidated interim Financial Statements at 30 September 2023 comprise the Consolidated Statement of financial position, the Consolidated Statement of profit or loss, the Consolidated Statement of other comprehensive income, the Consolidated Statement of cash flows, the Consolidated Statement of changes in Shareholders' Equity and the Condensed explanatory notes.

The Directors have deemed it appropriate to prepare the Consolidated Financial Statements at 30 September 2023 on a going concern basis, taking account of the actual results to date and the expected results for the current and subsequent financial periods, as well as of the estimated cash flows expected for the next 12 months, which should be sufficient to meet the Group's obligations on a regular basis, and after assessing the possible uncertainties regarding the Company's ability to continue as a going concern, as described in paragraph 2.3 below, "Discretionary assessments, assumptions and significant accounting estimates", including the financial risks described in note 18 and other market risks associated with the proceedings in progress described in note 14.

The Consolidated Statement of Financial Position sets forth assets and liabilities distinguishing between current and non-current ones. The Consolidated Statement of profit or loss is classified by nature and the Statement of other comprehensive income sets forth the result for the period added with income and expenses that in accordance with IFRS are directly recognized in consolidated Equity. The Statement of Cash Flows has been prepared on the basis of the indirect method and presented in accordance with IAS 7, distinguishing between cash flow from operating, investing and financing activities.

The condensed consolidated interim Financial Statements at 30 September 2023 have been presented in Euro, which is the Group's functional currency. All values showed in the statements and in the Explanatory Notes are in thousands of Euro, unless otherwise stated.

The balance sheet amounts presented in the Schedules and in the Explanatory Notes are compared with those as at 31 December 2022, while the income statement values reported in the consolidated Statement of Profit/(Loss) for the period, in the Statement of other Comprehensive Income and those reported in the Statement of Cash Flows, are compared with those in the first 9 months of 2022.

2.1 Statement of compliance with international accounting standards (IFRS)

The condensed consolidated interim Financial Statements at 30 September 2023 have been prepared in compliance with IAS 34 - Interim Financial Reporting. The condensed consolidated interim Financial Statements do not include all the information required for the complete annual financial statements prepared according to IAS 1, and must be read together with the Consolidated Financial Statements at 31 December 2022.

2.2 Changes in accounting standards and disclosures

The criteria adopted for the preparation of the consolidated Financial Statements are consistent with those used to prepare the consolidated Financial Statements for the previous year, to which reference is made for their detailed presentation, with the exception of the standards and interpretations which are newly issued and applicable from 1 January 2023, in addition to the amendments to the standards that are already applicable, as specified below.

The Group has not proceeded with the early adoption of any standard, interpretation or improvement issued but not yet mandatorily in force.

New or revised IFRS, amendments and interpretations applied from 1 January 2023

The following IFRS accounting standards, amendments and interpretations were applied by the Group for the first time as from 1 January 2023.

- On 18 May 2017 the IASB published IFRS 17 – *Insurance Contracts*, which is aimed at replacing IFRS 4 – *Insurance Contracts*. Furthermore, amendments to IFRS 17 were also issued on 25 June 2020.

  The objective of the new standard is to ensure that an entity provides relevant information that faithfully represents the rights and obligations arising from insurance contracts issued. The IASB developed the standard to remove inconsistencies and weaknesses in existing accounting policies by providing a single principle-based framework in order to take account of any and all types of insurance contracts, including reinsurance contracts held by an insurer.

The new standard also provides for presentation and disclosure requirements to improve comparability among the entities operating in this sector.

The new standard measures an insurance contract based on a General Model or a simplified version thereof, according to the Premium Allocation Approach ("PAA").

The main features of the General Model are:

- estimates and expectations of future cash flows are always current;
- the measurement reflects the time value of money;
- estimates involve extensive use of information observable on the market;
- there is a current and explicit measurement of risk;
- the expected profit is deferred and aggregated in groups of insurance contracts upon initial recognition;
- the expected profit is recorded in the period of contractual coverage, taking account of any adjustment arising from changes in the assumptions regarding the cash flows relating to each group of contracts.

The PAA approach provides for the measurement of the liability for residual coverage for a group of insurance contracts provided that, upon initial recognition, the entity expects the liability to reasonably consist of an approximation of the General Model. Contracts with a coverage period of one year or less are automatically eligible for the PAA approach. The simplifications arising from the application of the PAA method do not apply to the measurement of liabilities for outstanding claims, which are measured by using the General Model. However, it is not necessary to discount those cash flows if it is expected that the balance to be paid or collected will arise within one year of the date the claim occurred.

An entity must apply the new standard to the insurance contracts that are issued, including reinsurance contracts that are issued and held, as well as investment contracts with a discretionary participation feature (DPF).

- On 9 December 2021, the IASB also published "*Amendments to IFRS 17 Insurance contracts: Initial Application of IFRS 17 and IFRS 9 – Comparative Information*". The amendment was applied from 1 January 2023, together with the adoption of IFRS 17, in order to avoid temporary accounting mismatches between financial assets and liabilities of insurance contracts, and improve the usefulness of comparative information for readers of financial statements.
- On 12 February 2021 the IASB published two amendments, i.e. "Disclosure of Accounting Policies - Amendments to IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2" and "Definition of Accounting Estimates - Amendments to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors". The amendments are aimed at improving disclosures on accounting policies so as to provide more useful information to investors and other primary users of financial statements, as well as to help companies distinguish changes in accounting estimates from changes in accounting policies.
- On 7 May 2021 the IASB published "*Amendments to IAS 12 Income Taxes: Deferred Tax related to Assets and Liabilities arising from a Single Transaction*". The document clarifies the method by which deferred taxes should be accounted for on certain transactions that can generate assets and liabilities for an equal amount, such as leases and decommissioning obligations.

All amendments became applicable from 1 January 2023, and their adoption had no material effect on the Group's consolidated Financial Statements.

New or revised IFRS, amendments and interpretations not yet endorsed by the European Union

As at the reporting date of this document, the competent bodies of the European Union had not yet completed the endorsement process required for the adoption of the amendments and standards described below:

- On 23 January 2020 the IASB published "*Amendments to IAS 1 Presentation of Financial Statements: Classification of Liabilities as Current or Non-Current*" and on 31 October 2022 the IASB published "*Amendments to IAS 1 Presentation of Financial Statements: Non-current Liabilities with Covenants*". The documents are aimed at clarifying how to classify debts and other short- or long-term liabilities. The amendments will become effective from 1 January 2024, with early adoption permitted. The directors do not expect any material effect on the Group's consolidated Financial Statements from the adoption of this amendment.
- On 22 September 2022 the IASB published "*Amendments to IFRS 16 Leases: Lease Liability in a Sale and Leaseback*". The document requires the seller-lessee to measure the lease liability arising from a sale and leaseback transaction so as not to recognize any income or loss that relates to the retained right of use. The amendments will become effective from 1 January 2024, with early adoption permitted. The directors do not expect any material effect on the Group's consolidated Financial Statements from the adoption of this amendment.
- On 23 May 2023 the IASB published "*Amendments to IAS 12 International Tax Reform – Pillar Two Model Rules*". The document sets out a temporary exception to the recognition and disclosure requirements for deferred tax assets and liabilities related to the Pillar Two Model Rules and provides for specific disclosure requirements for entities involved in the related International Tax Reform. The document provides for the temporary exception to be applied immediately while the disclosure requirements will be applicable only to annual financial statements for financial periods commencing on or after 1 January 2023, but not to interim financial statements with a reporting date prior to 31 December 2023. The directors do not expect any material effect on the Group's Consolidated Financial Statements from the adoption of this amendment.
- On 25 May 2023 the IASB published "*Amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures - Supplier Finance Arrangements*". The document requires an entity to provide additional information on reverse factoring arrangements that may enable financial statement users to assess how financial arrangements with suppliers may affect the entity's liabilities and cash flows and to understand the effect of such arrangements on the entity's exposure to liquidity risk. The amendments will become effective from 1 January 2024, with early adoption permitted. The directors do not expect any material effect on the Group's consolidated financial statements from the adoption of this amendment.
- On 30 January 2014 the IASB published the accounting standard "IFRS 14 – Regulatory Deferral Accounts", which only allows first-time adopters of IFRS to continue to recognize amounts relating to Rate-Regulated Activities according to the

previous accounting standards adopted. The endorsement process of the standard has not yet been started. This standard is not applicable since the Group is not a first-time adopter.

2.3 Discretionary assessments, assumptions and significant accounting estimates

The preparation of the consolidated Financial Statements requires Directors to make discretionary assessments, estimates and assumptions that affect the amounts of revenues, costs, assets and liabilities, and the indication of contingent liabilities at the reporting date of the financial statements, as well as the assessment of whether the going concern requirement is met. However, the uncertainty of these assumptions and estimates could lead to outcomes which may require a significant adjustment to the carrying amount of said assets and/or liabilities in the future.

Discretionary assessments

The main decisions taken by the Directors on the basis of discretionary assessments (excluding those relating to accounting estimates), in the application of the accounting standards of the Group, with a significant effect on the values recognized in the accounts relate to the adoption of the continuity of values principle for the recognition of business combinations under common control. Application of this principle gives rise to the recognition in the statement of financial position of values equal to those that would be recorded if the companies involved in the business combination had always been combined. The net assets of the acquired entity and the acquiring entity are therefore recorded on the basis of the carrying amounts included in their respective accounts before the transaction.

Uncertainty of estimates and assumptions

The key assumptions regarding the future and other significant sources of uncertainty relating to estimates as at the period ending date of the consolidated Financial Statements are detailed below.

Assessment of the going concern basis

In order to verify whether the going concern requirement is met, the Directors have assessed the actual results recorded as at the reporting date of the Consolidated Financial Statements, the Group's expected results for the current and subsequent financial periods, the ability of the Parent Company and other Group companies to generate future cash flows from their core business, and the status of the Group's existing relationships with banks and other lenders, based on historical experience and assumptions that take account of the circumstances and conditions that were present when the Consolidated Financial Statements were prepared. By their very nature, the assumptions on which the valuations are based incorporate elements of discretion and uncertainty.

The Group's debt was € 491,329 thousand at 30 September 2023, up compared to 31 December 2022 (€ 449,776 thousand) and 31 December 2021 (€ 380,649 thousand) due to the gradual growth of the Group, as well as the structural and economic trends observed in the business in which it operates. As at 30 September 2023, the Directors also took account of this element, and, as a result of their assessments, they considered that the going concern requirement had been met. For more details, please refer to the information provided in note 18.

Impairment test

Goodwill is subject to impairment test at least annually, or more frequently if there is an indication of potential impairment in the carrying amounts. This requires an estimate of the value in use of the CGU (cash-generating unit) to which the goodwill is allocated, in turn based on an estimate of expected cash flows from the CGU and their discounting on the basis of a suitable discount rate. At 30 September 2023 the carrying amount of the goodwill stood at € 405,334 thousand (€ 404,935 thousand compared to 31 December 2022); more details are given in note 7.

Recognition of revenues and costs relating to contract assets with customers

The Group uses the percentage of completion method to account for assets on long-term contracts concerning the construction and upgrading of properties or technological systems for which it carries out construction works. The amount of profit margins recognized in the income statement depends on both the progress of work on the contract and the profit margins which it is believed will be recognized on the entire work upon its completion; therefore, the correct recognition of work in progress and profit margins relating to works that have not yet been completed assumes the Directors' correct estimate of final costs and the expected increases, as well as of the delays, additional costs and penalties which could reduce the expected margin. The use of the percentage of completion method requires the Group to estimate completion costs, which involves making estimates that depend on factors that may change over time and could therefore have a significant impact with respect to present values. If the actual cost differs from the estimated cost, this change will have an impact on the results of future financial periods.

Provisions for risks and charges and Allowance for doubtful accounts

Provisions representing the risk of negative outcomes of business issues have been set aside. The value of the provisions recognized in the accounts in relation to these risks is the best estimate made by the Directors at that date. Write-downs of trade receivables were recognized in an adjusting provision against failure to collect debts from clients. The value of the provisions recognized in the accounts in relation to these risks is the best estimate made by the Directors at that date. The estimates entail the adoption of assumptions depending on factors which could change in time and could therefore have a substantial impact on the Directors' current estimates used to prepare the Group's consolidated Financial Statements.

Recognition of the present value of liabilities for Put Option on minority shares of subsidiaries and on the present value of liabilities for Earn-outs for acquisitions made

The Group holds majority interests in subsidiaries in relation to which the minority shareholders hold PUT options, which can be exercised in the future at prices determined on the basis of certain parameters that require estimates by management for the purposes of reliable valuation. In this case too, the correct recognition of the related liability in the financial statements requires the management to make some estimates to determine the relevant parameters.

Main assumptions applied to the actuarial valuation of the TFR (employee termination indemnity), such as the future turnover rate and discount financial rates

The cost of defined-benefit pension plans and of any other post-employment medical benefit, as well as the present value of the defined-benefit liability, are determined on the basis of actuarial assumptions. Actuarial assessments require various assumptions to be made which can differ from actual developments in the future. These assumptions also include the calculation of the discount rate, future pay rises, the mortality rate and future increases in pensions. Owing to the complexity of the assessment and its long-term nature, these estimates are extremely sensitive to changes in assumptions. All the assumptions are reviewed on an annual basis. See note 13 for details.

Deferred tax assets and their probable future reversal

Deferred tax assets are recognized to the extent that it is probable that in the future there will be a taxed profit such as to allow the use of losses. A significant estimation activity is required of the management staff to calculate the amount of tax assets that can be recognized based on future taxable profits, the timing of their occurrence and tax planning strategies.

Other financial statement items

The management has also used estimates in determining assumptions applied to the valuation of obligations arising from Rights of use, in particular with regard to the determination of the marginal lending rate and duration in the presence of renewal options.

Consolidation principles

The Condensed Consolidated Interim Financial Statements include the financial statements of Rekeep S.p.A. (“the Parent Company”, “Rekeep S.p.A.” or simply “Rekeep”) and its subsidiaries, prepared as at 30 September 2023. The financial statements of the subsidiaries have been prepared by adopting for each closing date the same accounting standards as those applied for the parent company.

All Intra-Group balances and intercompany transactions, including unrealized profits and losses arising from intra-Group transactions, which are recognized under assets, are eliminated in full.

Subsidiaries are fully consolidated starting from the acquisition date, i.e. the date on which the Group acquires control, and are deconsolidated on the date in which control is transferred out of the Group. Acquisitions of subsidiaries, with the exception of those deriving from combinations of entities subject to common control, are accounted for using the purchase method. This involves the allocation of the cost of the business combination to the fair values of assets, liabilities and contingent liabilities acquired at the acquisition date and the inclusion of the result of the company acquired starting from the date of acquisition until the end of the financial year. If the Group loses control over a subsidiary, it eliminates the related assets (including goodwill), liabilities, minority interests and other equity components, while any profit or loss is recognized in the income statement. Any equity investment retained is recognized at fair value.

Joint-ventures with other shareholders and associates are accounted for under equity method.

Changes in the Group's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. Minority interests represent the portion of profits or losses and net assets not held by the Group and are disclosed under a separate item in the consolidated Statement of profit or loss for the year and in the Consolidated Statement of Financial Position under Equity items, separately from the Group's Equity.

Conversion of financial statements of foreign companies

The financial statements have been presented in Euro, which is the functional and reporting currency adopted by the Group. The income statements and balance sheets expressed in foreign currency are converted into Euros applying the year-end exchange rates for the items in the Statement of financial position and average exchange rates for the items in the Income Statement. Differences arising from the conversion of opening shareholders' equity at year-end exchange rates are charged to the currency conversion reserve, together with the difference arising from the conversion of the result for the period at average exchange rate with respect to year-end exchange rates.

At the time of disposal of the economic entity from which translation differences emerged, the accumulated exchange differences reported in the statement of other comprehensive income are reclassified in the Consolidated Statement of Profit/ Loss for the period.

Finally, the possible presence of hyperinflationary economies is taken into account in order to assess the need to apply the provisions of IAS 29 - *Financial Reporting in Hyperinflationary Economies*. This standard does not establish an absolute rate at hyperinflation is deemed to arise. The need to restate the values in the financial statements, as required by the standard, must be evaluated. Among the situations that indicate the existence of hyperinflation are:

- the general population prefers to keep its wealth in non-monetary assets or in a relatively stable foreign currency. Amounts of local currency held are immediately invested to maintain purchasing power;

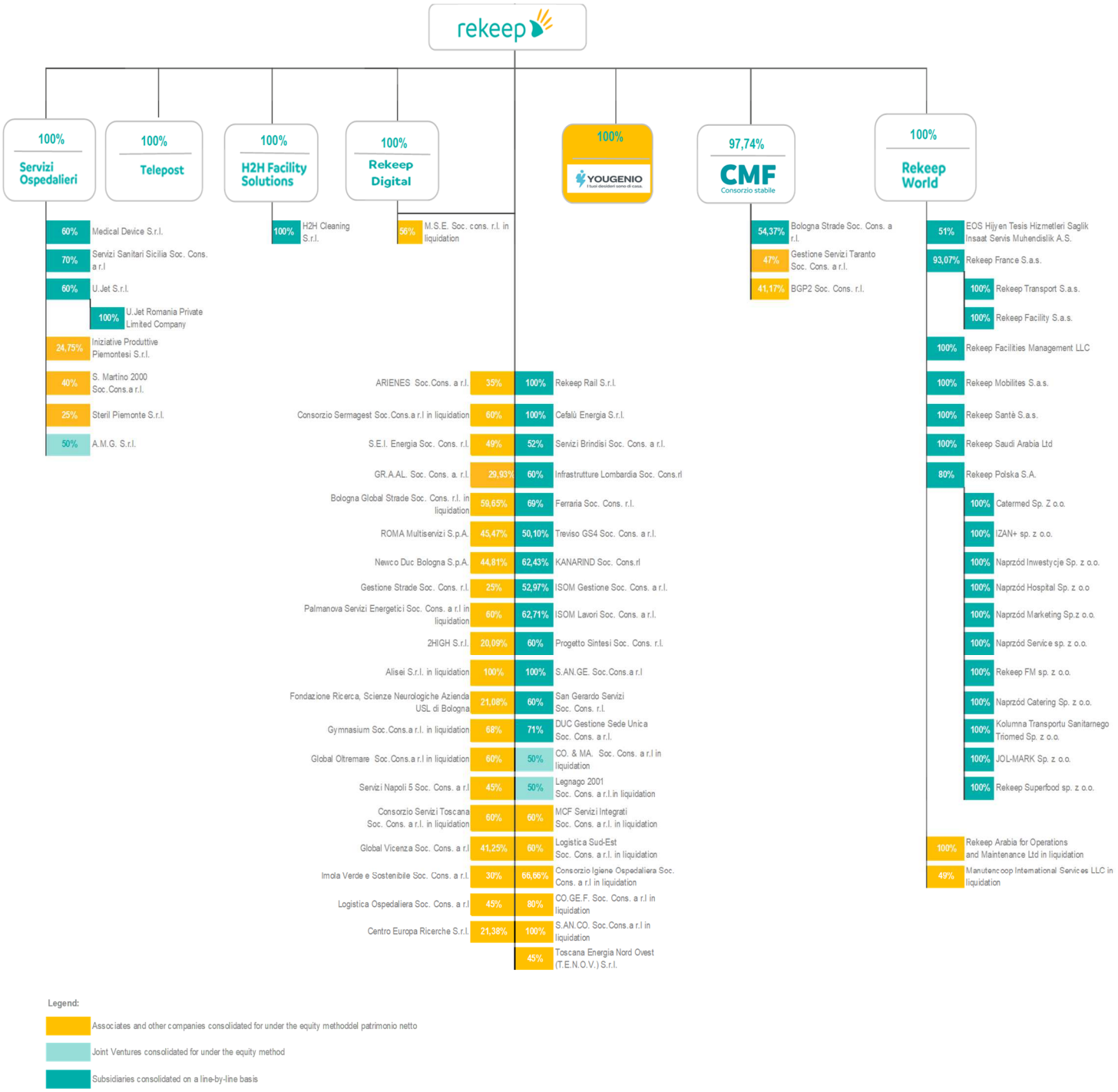
- the general population regards monetary amounts not in terms of the local currency but in terms of a relatively stable foreign currency. Prices may be quoted in that currency;
- sales and purchases on credit take place at prices that compensate for the expected loss of purchasing power during the credit period, even if the period is short;
- interest rates, wages, and prices are linked to a price index;
- the cumulative inflation rate over three years approaches, or exceeds, 100%.

If hyperinflation arises, non-monetary items in the statement of financial position are restated by applying the change in the general price index that has occurred between the date of recognition and the balance sheet date. Monetary items are not restated because they are already expressed at the measuring unit at the balance sheet date. All items on the income statement are expressed at the measuring unit at the reporting date.

Currency	Exchange rate at 30 September 2023	Average Exchange rate for the 9 months ended 30 September 2023	Exchange rate at 31 December 2022	Average Exchange rate for the 9 months ended 30 September 2022
United Arab Emirates Dirham (AED) – United Arab Emirates	3.8671	3.9778	3.9233	3.7369
Romanian Leu (RON) – Romania	4.9748	4.9394	4.9400	4.9348
Turkish Lira (TRY) – Turkey	28.9172	28.9172	20.0039	18.0841
Qatar Riyal (QAR) – Qatar	3.8329	3.9426	3.8886	3.8724
Saudi Arabia Riyal (SAR) – Saudi Arabia	3.9488	4.0618	4.0061	3.9894
Zloty (PLN) – Poland	4.6123	4.5822	4.6813	4.6724

The financial statements of the Turkish consolidated company have been prepared by taking account of the application of IAS 29 in view of the cumulative Turkish inflation rate for the past three years, which is more than 100%. Therefore, in the consolidated financial statements at 30 September 2023, the accounts of consolidated companies applying the Turkish lira as the local currency have been prepared in order to report operating results and the statement of financial position at purchasing power prevailing at the end of the reporting period. Accordingly, all items from the financial statements of the Turkish company, as included in the group's consolidated accounts, have been translated by using the exchange rate as at the reporting date of the consolidated financial statements.

The consolidation area as at 30 September 2023 is shown below.


rekeep
100% Servizi Ospedalieri
60% Medical Device S.r.l.
70% Servizi Sanitari Sicilia Soc. Cons. a r.l
60% U.Jet S.r.l.
100% U.Jet Romania Private Limited Company
24,75% Iniziative Produttive Piemontesi S.r.l.
40% S. Martino 2000 Soc.Cons.a r.l.
25% Steril Piemonte S.r.l.
50% A.M.G. S.r.l.
100% Telepost
100% H2H Facility Solutions
100% H2H Cleaning S.r.l.
100% Rekeep Digital
56% M.S.E. Soc. cons. r.l. in liquidation
100% YOUGENIO
ARIENES Soc.Cons. a r.l. 35% 100% Rekeep Rail S.r.l.
Consorzio Sermagest Soc.Cons.a r.l in liquidation 60% 100% Cefalù Energia S.r.l.
S.E.I. Energia Soc. Cons. r.l. 49% 52% Servizi Brindisi Soc. Cons. a r.l.
GR.A.AL. Soc. Cons. a. r.l. 29,93% 60% Infrastrutture Lombardia Soc. Cons.rl
Bologna Global Strade Soc. Cons. r.l. in liquidation 59,65% 69% Ferraria Soc. Cons. r.l.
ROMA Multiservizi S.p.A. 45,47% 50,10% Treviso GS4 Soc. Cons. a r.l.
Newco Duc Bologna S.p.A. 44,81% 62,43% KANARIND Soc. Cons.rl
Gestione Strade Soc. Cons. r.l. 25% 52,97% ISOM Gestione Soc. Cons. a r.l.
Palmanova Servizi Energetici Soc. Cons. a r.l in liquidation 60% 62,71% ISOM Lavori Soc. Cons. a r.l.
2HIGH S.r.l. 20,09% 60% Progetto Sintesi Soc. Cons. r.l.
Alisei S.r.l. in liquidation 100% 100% S.AN.GE. Soc.Cons.a r.l
Fondazione Ricerca, Scienze Neurologiche Azienda USL di Bologna 21,08% 60% San Gerardo Servizi Soc. Cons. r.l.
Gymnasium Soc.Cons.a r.l. in liquidation 68% 71% DUC Gestione Sede Unica Soc. Cons. a r.l.
Global Oltremare Soc.Cons.a r.l in liquidation 60% 50% CO. & MA. Soc. Cons. a r.l in liquidation
Servizi Napoli 5 Soc. Cons. a r.l 45% 50% Legnago 2001 Soc. Cons. a r.l.in liquidation
Consorzio Servizi Toscana Soc. Cons. a r.l. in liquidation 60% 60% MCF Servizi Integrati Soc. Cons. a r.l. in liquidation
Global Vicenza Soc. Cons. a r.l 41,25% 60% Logistica Sud-Est Soc. Cons. a r.l. in liquidation
Imola Verde e Sostenibile Soc. Cons. a r.l. 30% 66,66% Consorzio Igiene Ospedaliera Soc. Cons. a r.l in liquidation
Logistica Ospedaliera Soc. Cons. a r.l 45% 80% CO.GE.F. Soc. Cons. a r.l in liquidation
Centro Europa Ricerche S.r.l. 21,38% 100% S.AN.CO. Soc.Cons.a r.l in liquidation
45% Toscana Energia Nord Ovest (T.E.N.O.V.) S.r.l.
97,74% CMF Consorzio stabile
54,37% Bologna Strade Soc. Cons. a r.l.
47% Gestione Servizi Taranto Soc. Cons. a r.l.
41,17% BGP2 Soc. Cons. r.l.
100% Rekeep World
51% EOS Hijyen Tesis Hizmetleri Saglik Insaat Servis Muhendislik A.S.
93,07% Rekeep France S.a.s.
100% Rekeep Transport S.a.s.
100% Rekeep Facility S.a.s.
100% Rekeep Facilities Management LLC
100% Rekeep Mobilites S.a.s.
100% Rekeep Santè S.a.s.
100% Rekeep Saudi Arabia Ltd
80% Rekeep Polska S.A.
100% Catermed Sp. Z o.o.
100% IZAN+ sp. z o.o.
100% Naprzód Inwestycje Sp. z o.o.
100% Naprzód Hospital Sp. z o.o
100% Naprzód Marketing Sp.z o.o.
100% Naprzód Service sp. z o.o.
100% Rekeep FM sp. z o.o.
100% Naprzód Catering Sp. z o.o.
100% Kolumna Transportu Sanitarnego Triomed Sp. z o.o.
100% JOL-MARK Sp. z o.o.
100% Rekeep Superfood sp. z o.o.
100% Rekeep Arabia for Operations and Maintenance Ltd in liquidation
49% Manutencoop International Services LLC in liquidation
Legend:
Associates and other companies consolidated for under the equity methoddel patrimonio netto
Joint Ventures consolidated for under the equity method
Subsidiaries consolidated on a line-by-line basis

During the first 9 months of 2023 we must note the following events:

- the winding-up of CO.GE.F. Soc. Cons. a r.l. with effect from 1 January 2023, which, therefore, changed its name to CO.GE.F. Soc. Cons. a r.l. in liquidation;
- the winding-up of Consorzio Igiene Ospedaliera Soc. Cons. a r.l. with effect from 1 January 2023, which, therefore, changed its name to Consorzio Igiene Ospedaliera Soc. Cons. a r.l. in liquidation;
- the winding-up of Logistica Sud-Est Soc. Cons. a r.l. with effect from 1 January 2023, which, therefore, changed its name to Logistica Sud-Est Soc. Cons. a r.l. in liquidation;
- the winding-up of S.AN.CO S.c.a.r.l. with effect from 1 January 2023, which, therefore, changed its name to S.AN.CO S.c.a.r.l. liquidation;
- the merger of the Polish company Naprzód Cleaning sp. z o.o. into the Polish company Naprzód Marketing sp. z o.o, both of which are directly controlled by Rekeep Polska S.A.;
- the closure of the Polish company Naprzód IP sp. z o.o. in liquidation, a direct subsidiary of Rekeep Polska S.A., at the end of the liquidation process;
- the closure of the Polish company Vendi Service sp. z o.o. in liquidation, a direct subsidiary of Rekeep Polska S.A., at the end of the liquidation process;
- acquisition of 22% of the quotas of DUC Gestione S.c. a r.l. on the part of Rekeep S.p.A., increasing its percentage from 49% to 71%, and then gaining control over the company.

3. BUSINESS COMBINATIONS

3.1 Acquisition of “Major Customers” business unit

On 22 December 2022 the Parent Company Rekeep S.p.A. signed the deed of acquisition from Sacoa S.r.l., part of the same group led by the parent company MSC Società di Partecipazione tra Lavoratori S.p.A., of a “Major Customers” business unit concerning a unitarily organized set of legal relationships, assets, persons and activities for the provision of payroll processing services delivered to Rekeep and its subsidiaries.

The transfer of the business unit will become effective from 1 January 2023 and took place at the price of € 0.8 million agreed between the parties, in line with the business unit’s economic value that emerges from the expert’s report prepared on the relevant prospective accounting position at 31 December 2022, in addition to an adjustment calculated on the final book value of the business unit as at the date of transfer. Within this transaction, Rekeep proceeded with the insourcing of Rekeep’s payroll processing and calculation, which had been previously entrusted to Sacoa, thus also achieving savings.

Accounting effects of the acquisition

In accounting terms, the transaction is carried out between parties subject to common control ("*Transaction Under Common Control*"), as both companies belong to the same Group controlled by MSC S.p.A.. Therefore, the transaction is excluded from the scope of application of IFRS 3, while the "Preliminary Guidelines on IFRS" issued by Assirevi (Italian Association of Auditors) are ultimately applicable, and, specifically, OPI Preliminary Guideline no. 1R - "*Accounting treatment of BCUCCs in separate and consolidated financial statements*" -, which, as regards "transactions that do not have a significant influence on the future cash flows of the net assets transferred" within the Group, i.e. for which the economic substance of the transaction understood as the generation of added value for all the parties involved, as in this case, is not evident, considers the principle of continuity of values to be applicable. As a result of the accounting treatment adopted, the difference emerging between the book value of the business unit at the date of transfer and the price paid to the transferor on the basis of the appraisal value of the business unit itself has been recorded in the separate financial statements of Rekeep S.p.A. in a negative equity reserve for a total value of € 167 thousand (€ 232 thousand, net of the tax effect for deferred tax assets generated by the different accounting and tax treatment of the transaction, amounting to € 65 thousand).

The table below summarizes the effects of the transaction on the Consolidated Financial Statements of the Group controlled by Rekeep S.p.A. as at the effective date of the transaction, 1 January 2023:

	Recognized value	Book value
ASSETS		
NON-CURRENT ASSETS		
Other non-current assets	1	1
TOTAL NON-CURRENT ASSETS	**1**	**1**
CURRENT ASSETS		
Trade receivables and advances to suppliers	687	687
TOTAL CURRENT ASSETS	**687**	**687**
TOTAL ASSETS	**688**	**688**
LIABILITIES		
NON-CURRENT LIABILITIES		
Employee termination indemnity	75	75
TOTAL NON-CURRENT LIABILITIES	**75**	**75**
CURRENT LIABILITIES		
Trade payables and contract liabilities	25	25
Other current liabilities	33	33
TOTAL CURRENT LIABILITIES	**57**	**57**

	Recognized value	Book value
TOTAL LIABILITIES	**132**	**132**
FAIR VALUE OF NET ASSETS	**555**	**555**
EQUITY RESERVE OF THE BUYER FROM BUSINESS COMBINATION	**232**	
Total cost of business combination:		
Consideration paid to the transferor	787	
TOTAL COST OF BUSINESS COMBINATION	**787**	

The fair value of assets and liabilities acquired through the business combination was positive and set at € 555 thousand, while the overall cost of the business combination was equal to € 787 thousand (of which an amount of €160 thousand was paid at 30 September 2023).

3.2 Acquisition of a controlling interest in DUC Gestione Sede Unica Società Consortile a r.l.

On 30 January 2023 the Court of Bologna published the notice of competitive sale of the entire package consisting of the quotas held by Cogei Sviluppo Immobiliare S.r.l. in liquidation, representing 22% of the quota capital of DUC Gestione Sede Unica Società Consortile a r.l. and the shares representing 17.50% of the share capital of Newco DUC S.p.A.: they are respectively the consortium company and project company under the concession agreement that was entered into by, among others, the Parent Company Rekeep S.p.A. in 2004 for the design, construction and operation of the real estate complex comprising the "Unified Services Headquarters of the Municipality of Bologna."

The Parent Company Rekeep S.p.A. participated in the auction jointly with C-Holding S.r.l., which was also a former shareholder of Newco DUC S.p.A., being awarded the joint sale on 6 July 2023. On 1 August 2023 the Parent Company Rekeep S.p.A. and C-Holding proceeded with dissolving the joint ownership arrangement by a notarial deed. At the end of the transaction Rekeep S.p.A. acquired 22% of the quotas of DUC Gestione, thus increasing its percentage from 49% to 71% and gaining control over the company.

DUC Gestione was included in the Consolidated Financial Statements until 30 June 2023 as an associated company, since the requirements prescribed by IFRS10 for consolidation on a line-by-line basis had not been met until that time. Instead, these requirements were met following the transaction described above: therefore, it was consolidated on a line-by-line basis as from the consolidated financial statements at 30 September 2023.

Accounting effects of the acquisition

The acquisition of 22% of the investment in DUC Gestione can be described as a business combination: therefore, the Group has applied IFRS 3 - *Business Combinations* in accounting for it.

The table below shows the value at the date of acquisition of the assets and liabilities of the acquired company, the difference between purchase value and book value related to the transaction, and the net cash used in the acquisition:

	Recognized value	Book value
ASSETS		
NON-CURRENT ASSETS		
Other non-current assets	321	321
TOTAL NON-CURRENT ASSETS	**321**	**321**
CURRENT ASSETS		
Trade receivables and advances to suppliers	12,602	12,602
Current tax receivables	23	23
Other current assets	450	450
Cash and cash equivalents	374	374
TOTAL CURRENT ASSETS	**13,449**	**13,449**
TOTAL ASSETS	**13,770**	**13,770**
LIABILITIES		
NON-CURRENT LIABILITIES		
Equity attributable to minority interests	6	6
Non-current loans	367	367
TOTAL NON-CURRENT LIABILITIES	**373**	**373**
CURRENT LIABILITIES		
Short-term loans	31	31
Trade payables and contract liabilities	13,319	13,319
Current tax payables	24	24
Other current liabilities	9	9
TOTAL CURRENT LIABILITIES	**13,383**	**13,383**
TOTAL LIABILITIES	**13,756**	**13,756**
FAIR VALUE OF NET ASSETS	**14**	**14**
Fair value of 49% quota already held by the Group	285	

	Recognized value	Book value
EQUITY RESERVE OF THE BUYER FROM BUSINESS COMBINATION	**(399)**	
Total cost of business combination:		
Consideration paid to the transferor	128	
TOTAL COST OF BUSINESS COMBINATION	**128**	
Net cash used in the business combination:		
Cash and cash equivalents of the acquired company	374	
Payments to the transferor	(128)	
NET CASH USED IN THE ACQUISITION	**246**	

The fair value of assets and liabilities acquired through the business combination was positive and set at € 14 thousand, while the overall cost of the business combination was equal to € 128 thousand (fully paid at 30 September 2023). Net cash used in the business combination amounted to € 246 thousand.

4. PROPERTY, PLANT AND EQUIPMENT

The table below shows the changes in the company-owned property, plant and equipment in the period ended 30 September 2023.

	Property	Plant and equipment	Total
At 1 January 2023, net of accumulated depreciation and impairment	**19,286**	**73,963**	**93,249**
Additions from business combinations		322	322
Additions from acquisitions	56	24,903	24,959
Disposals	(126)	(1,471)	(1,597)
Depreciation for the period	(1,205)	(17,486)	(18,691)
Others	2,718	(4,367)	(1,649)
At 30 September 2023	**20,729**	**75,864**	**96,593**
At 1 January 2023			
Historical cost	25,621	475,564	501,185

Accumulated depreciation and impairment losses	(6,335)	(401,601)	(407,936)
NET BOOK VALUE	**19,286**	**73,963**	**93,249**
At 30 September 2023			
Historical cost	28,269	494,951	523,220
Accumulated depreciation and impairment losses	(7,540)	(419,087)	(426,627)
NET BOOK VALUE	**20,729**	**75,864**	**96,593**

The additions from acquisitions that took place during the year mainly related to linen in the Laundering & Sterilization segment for € 9,427 thousand and the purchases of other machinery and specific equipment for € 14,829 thousand, of which an amount of € 9,971 thousand related to investments made by companies in the sub-group controlled by Rekeep Polska for the "centralized kitchens" project to support catering services.

The decreases for the period, amounting to € 1,599 thousand, mainly relate to disposals made by the Parent Company Rekeep S.p.A. for € 435 thousand and by subsidiary Servizi Ospedalieri S.p.A. for € 256 thousand.

.Other changes mainly relate to the effect of a change in the exchange rate applied for the translation of balances relating to foreign companies with a currency other than the Euro.

5. PROPERTY, PLANT AND EQUIPMENT UNDER LEASE

The table below shows the changes in property, plant and equipment under lease in the period ended 30 September 2023.

	Rights of use of properties	Rights of use of plant and machinery	Total
At 1 January 2023, net of accumulated depreciation and impairment	**37,663**	**16,962**	**54,625**
Additions from acquisitions	4,072	4,910	8,982
Disposals		(383)	(383)
Early termination	(135)	(194)	(329)
Depreciation for the period	(2,998)	(4,377)	(7,375)
Others	9	1,284	1,293
At 30 September 2023	**38,611**	**18,202**	**56,813**

At 1 January 2023

Historical cost	69,338	54,393	123,730
Accumulated depreciation and impairment losses	(31,674)	(37,431)	(69,105)
NET BOOK VALUE	**37,663**	**16,962**	**54,625**
At 30 September 2023			
Historical cost	73,284	60,010	133,293
Accumulated depreciation and impairment losses	(34,672)	(41,808)	(76,480)
NET BOOK VALUE	**38,611**	**18,202**	**56,813**

Property, plant and equipment under leases reported changes during the year due to depreciation for the period, as well as to the execution of new lease agreements for a total of € 8,982 thousand. Of these an amount of € 4,072 thousand related to the execution of new real estate and property lease agreements. The new lease agreements and long-term hire of machinery, vehicles that make up the corporate fleets and equipment amounted to € 4,910 thousand and included surgical instrumentation lease agreements for € 2,345 thousand, which were signed by subsidiary Servizi Ospedalieri S.p.A..

Furthermore, there was the early termination of some lease and long-term hire agreements for a total of € 329 thousand during the first 9 months of 2023.

Other changes mainly relate to the effect of a change in the exchange rate applied for the translation of balances relating to foreign companies with a currency other than the Euro.

6. OTHER INTANGIBLE ASSETS

The table below shows the changes in intangible assets in the period ended 30 September 2023.

	Other intangible assets	Goodwill	Total
At 1 January 2023, net of accumulated amortization and impairment	**18,287**	**404,935**	**423,223**
Additions from business combinations		399	399
Additions from acquisitions	3,167		3,167
Disposals	(12)		(12)
Amortization for the period	(4,404)		(4,404)
Others	11		11
At 30 September 2023	**17,049**	**405,334**	**422,383**

At 1 January 2023			
Cost	134,451	407,252	541,703
Accumulated amortization and impairment losses	(116,164)	(2,318)	(118,481)
NET BOOK VALUE	**18,287**	**404,935**	**423,223**
At 30 September 2023			
Cost	137,629	407,651	545,280
Accumulated amortization and impairment losses	(120,580)	(2,318)	(122,897)
NET BOOK VALUE	**17,049**	**405,334**	**422,383**

Goodwill is tested annually for impairment. For more details, see note 7.

Other intangible assets, amounting to € 17,049 thousand at 30 September 2023, mainly consist of investments in software carried out as part of the projects aimed at upgrading and enhancing the corporate information systems. The additions from acquisitions made in the period (€ 3,167 thousand) were mainly attributable to the Parent Company Rekeep S.p.A. and related to the implementation and upgrading of software platforms used by the Group.

7. IMPAIRMENT OF GOODWILL

The Group's Management believe that the Strategic Business Unit (SBU) structure described in the company reports, regardless of legal entities, should be reflected, consistently with the provisions of the accounting standards, also at the level of the CGUs used for impairment tests. The SBUs identified and their composition, in corporate terms, are defined as follows.

SBU – Facility management

The SBU is identified with:

- Rekeep S.p.A.
- H2H Facility Solutions S.p.A.
- Telepost S.r.l., specialist in internal mailing services
- Rekeep Digital S.r.l., active in high-tech services to companies
- Rekeep World S.r.l. and its foreign subsidiaries, dedicated to international business development
- other minor investee companies operating in the same segment.

SBU – Laundering & Sterilization

The SBU is identified with:

- Servizi Ospedalieri S.p.A., operating in the linen rental and industrial laundering segment for hospitals and the sterilization of linen and surgical instruments
- Medical Device S.r.l., acquired during 2018 and specializing in the production of disposable kits containing all the devices needed to support the healthcare team in performing surgical procedures
- U.Jet S.r.l., acquired on 1 June 2021 and specializing in the production of non-woven fabric (TNT) devices mainly aimed at the healthcare market, as well as in the packaging and composition of disposable fabric surgical kits , which are also intended for the healthcare market
- other minor investee companies operating in the same sector In Italy.

The table below sets forth the carrying amounts of the goodwill recognized in the condensed consolidated interim Financial Statements as at 30 September 2023, broken down into the different CGUs.

	30 September 2023	31 December 2022
Goodwill allocated to Facility Management CGU	389,151	388,752
of which International markets	*34,514*	*34,514*
Goodwill allocated to Laundering & Sterilization CGU	16,183	16,183
CONSOLIDATED GOODWILL	**405,334**	**404,935**

As at 30 September 2023 the balance showed an increase of € 399 thousand following the acquisition of DUC Gestione Sede Unica Società Consortile a r.l. (for more details, see note 3).

Goodwill is subject to impairment testing on an annual basis or more frequently if there are indications that the asset may have suffered an impairment loss.

As at 30 September 2023, following the analysis of any possible evidence of impairment, the Directors did not report, despite the economic situation existing at the reporting date of this Interim Report, any risk of impairment on the value of the cash generating units, including after considering the headroom noted in the sensitivity analyses and the stress tests conducted at the reporting date of the Consolidated Financial Statements at 31 December 2022, which support the recoverability of consolidated assets even in the presence of any possible risk of significant amount. Therefore, they did not proceed with any formal updating of the impairment tests arranged for at 31 December 2022, since it was considered that the assumptions and conclusions underlying them were applicable at 30 September 2023.

8. INVESTMENTS ACCOUNTED FOR UNDER THE EQUITY METHOD

The Group holds some investments that are accounted for under the equity method in the consolidated Financial Statements. These companies include associates, joint-ventures and subsidiaries in liquidation, as listed in Annex I.

At 30 September 2023, the investments valued at Equity amounted to a net amount of € 12,586 thousand, against a net amount of € 9,717 thousand at the end of the previous year; these values are already stated net of a provision for risks covering future outlays that are expected to be incurred by the Group on behalf of the associate/joint venture, reclassified under liabilities in the balance sheet (for more details, see note 14).

	Net assets 30 September 2023	Net assets 31 December 2022
Investments accounted for under the equity method	13,317	10,121
Provision for risks on investments	(731)	(414)
INVESTMENTS ACCOUNTED FOR UNDER THE EQUITY METHOD	**12,586**	**9,717**

Details of changes during the period are shown in Annex II attached to the Interim Report on Operations, to which reference should be made. We must note, among others, an increase in the investment held in Newco DUC S.p.A., from 24.90% to 44.81%, in two subsequent phases: (i) following Rekeep S.p.A.'s acquisition of shares from CCC Società Cooperativa, which took place on 25 January 2023 at a price of € 735 thousand; and (ii) following the participation in the competitive sale of the entire package consisting of the quotas held by Cogei Sviluppo Immobiliare S.r.l. in liquidation launched by the Court of Bologna, which was completed with the transfer of shares on 6 July 2023 at a price of € 857 thousand; Rekeep took part in the auction jointly with C-Holding S.r.l., which was also a former shareholder of Newco DUC S.p.A., except to dissolve the joint ownership on 1 August 2023.

During the first 9 months of 2023 the valuation of investments according to the equity method entailed the recognition of a positive result equal to € 102 thousand for the share attributable to the Group (against a positive result of € 690 thousand at 30 September 2022) following the recognition of income from equity investments for € 744 thousand (€ 690 thousand at 30 September 2022) and charges from equity investments for € 642 thousand (no charges stated at 30 September 2022). Furthermore, positive effects were recognized directly under consolidated Equity for a total of € 215 thousand (€ 544 thousand at 30 September 2022).

9. OTHER NON-CURRENT ASSETS

The table below sets forth the breakdown of other non-current assets as at 30 September 2023 and as at 31 December 2022:

	30 September 2023	31 December 2022
Other investments	5,996	5,996
Non-current financial assets	7,857	24,202
Other non-current assets	3,511	3,104
OTHER NON-CURRENT ASSETS	**17,364**	**33,302**

The financial assets accounted for as *Other investments* relate to investments in companies in which the Group has no significant or controlling interests and that have been acquired for strategic/production purposes. There are also investments in National Cooperative Consortia, as well as investments in production sites, or in other minor activities such as industrial laundry services performed by minor companies that may also act as sub-contractors.

Other investments are measured at purchase or establishment cost, as the best estimate of the fair value, since there is no active market in the securities concerned, which for the most part cannot be freely transferred to third parties due to limitations and restrictions preventing their free circulation.

Non-current financial assets, amounting to € 7,857 thousand as at 30 September 2023 (€ 24,202 thousand as at 31 December 2022), are composed of:

- € 2,004 thousand of Non-current financial receivables due from associates, affiliates or joint-ventures (€ 1,493 thousand at 31 December 2022). The face value of these receivables is € 2,040 thousand, while the discounting fund amounts to € 36 thousand (€ 1,517 thousand and € 24 thousand at 31 December 2022, respectively). Some of these are non-interest bearing since they were drawn down from each consortium partner and are thus discounted on the basis of their expected residual maturity, applying EURIRS as the reference interest rate, plus a spread;
- € 4,752 thousand of non-current financial receivables from third parties (€ 21,608 thousand at 31 December 2022). The item included the balance of an escrow account for € 2,000 thousand, as well as the long-term portion, equal to € 2,357 thousand, of the deferred price relating to the sale of 95% of the quota capital of MFM Capital S.r.l. to 3i EOPF, which took place in December 2018 (unchanged compared to 31 December 2022). The decrease in this item was mainly attributable to the amounts pledged as cash collateral for gas supply contracts, of which an amount of € 4.5 million was repaid in March 2023 and an amount of € 12.4 million was reclassified as short-term financial receivables, as they became due and payable within 1 year from the end of the period;
- Securities held to maturity for € 1,101 thousand (unchanged compared to 31 December 2022).

Furthermore, the item is made up of security deposits of € 2,779 thousand related to long-term income-generating manufacturing contracts (€ 2,065 thousand at 31 December 2022) and long-term deferrals of € 426 thousand relating to some contracts (€ 670 thousand at 31 December 2022).

10. TRADE RECEIVABLES, ADVANCES TO SUPPLIERS AND OTHER CURRENT RECEIVABLES

The following table includes the breakdown of Trade receivables, advances to suppliers and Other current operating receivables at 30 September 2023 and 31 December 2022:

	30 September 2023	of which from related parties	31 December 2022	of which from related parties
Contract assets	31,493		33,161	
Trade receivables, gross	479,483		475,471	
Allowance for doubtful accounts	(15,978)		(19,598)	
Trade receivables due from third parties	**494,998**	**0**	**489,034**	**0**
Trade receivables from MSC S.p.A.	45	45	477	477
Trade receivables from Associates, Affiliates and Joint Ventures	41,855	41,855	41,632	41,632
Trade receivables from Group	**41,900**	**41,900**	**42,109**	**42,109**
Advances to suppliers	7,786	18	6,084	
TRADE RECEIVABLES AND ADVANCES TO SUPPLIERS	**544,684**	**41,918**	**537,227**	**42,109**
Current tax assets within 12 months	19,347		35,908	
Other current assets due from third parties	16,015		18,174	
Due from social security institutions	1,116		1,316	
Due from employees	198		222	
Other current assets from third parties	**36,676**	**0**	**55,620**	**0**
Current assets from MSC	306	306	333	333
Current assets from Associates, Affiliates and Joint Ventures	222	222	269	269
Other current assets from Group	**528**	**528**	**602**	**602**
Accrued income	485		845	
Prepaid expenses	4,553		2,144	
Accrued income and prepaid expenses	**5,038**	**0**	**2,989**	**0**
OTHER CURRENT ASSETS	**42,242**	**528**	**59,211**	**602**

The balance of trade receivables and advances to suppliers, which also includes contract assets, amounted to € 544,684 thousand at 30 September 2023, down by € 7,457 thousand compared to 31 December 2022 (€ 537,227 thousand).

The change under consideration was the result of an increase of € 5,964 thousand in trade receivables from third parties and of € 1,702 thousand in advances to suppliers, offset by a decrease of € 209 thousand in receivables from other Group companies.

There was also a decrease in the value of contract assets for € 1,668 thousand, and in the provision for bad debts for € 3,620 thousand.

During 2023 the Group continued to hold contracts for the non-recourse assignment of trade receivables from third parties, including the 3-year maturity factoring agreement with BFF Bank S.p.A., which had been signed by the Parent Company Rekeep S.p.A. and other subsidiaries on 14 January 2022, following renewal and concerning the assignment on a revolving basis of receivables the companies claimed from entities in the National Health System and Public Authorities, in an amount of up to € 300 million. These are accompanied by additional relationships with factoring companies for the disinvestment of specifically-agreed credit positions claimed both from entities in the National Health System and Public Authorities and from private entities and individuals.

During the year, the Group made assignments of trade receivables amounting to € 241,091 thousand (of which the balance amounting to € 58,375 thousand has not yet been collected from the customer on the part of factoring companies): in all assignments, the assigned trade receivables were subjected to derecognition according to IFRS 9 in consideration of the characteristics of the transactions and entailed interest discount costs totaling € 2,811 thousand.

Finally, trade receivables from the Group amounted to € 41,900 thousand (€ 42,109 thousand at 31 December 2022). For more details, reference should be made to Annex III – Related-Party transactions.

A specific provision for bad debts was recorded against non-performing loans, which are difficult to recover in full, amounting to € 15,978 thousand at 30 September 2023 (at 31 December 2022: € 19,598 thousand). Changes in the provision during the period are detailed as follows:

	31 December 2022	Increases	Uses	Releases	Others	30 September 2023
Provision for bad debts	**19,598**	962	(1,660)	(665)	(2,257)	**15,978**

Other current assets of € 42,242 thousand (€ 59,211 thousand at 31 December 2022) showed a total decrease of € 16,969 thousand during the year.

The most significant entries in the breakdown of this item are made up of:

- tax receivables, mostly including receivables relating to the VAT payments made by the Group companies (€ 13,727 thousand compared to € 10,282 thousand at 31 December 2022), which continue to show a credit balance given the widespread application of the regulations governing “Split-payment” and “Reverse charge” to the cycle of purchasing and sales invoicing. Assignments without recourse of VAT receivables held by some Group companies were made in 2023 for a total nominal amount of € 20,667 thousand;

- receivables for short-term security deposits on new annual electricity and gas utility contracts paid to suppliers for € 4,504 thousand (€ 7,354 thousand at the end of the previous year);
- tax credits, which reported changes during the period due to two effects of opposite sign: for the recognition of the tax credit as partial compensation for higher costs incurred for the purchase of electricity and natural gas during the first and second quarters of the year (€ 18,216 thousand), on the one hand, and, on the other hand, for the use as offsetting during the first 9 months of the year. Tax credits which had not yet been used as at the reporting date amounted to € 3,690 thousand (€ 24,174 thousand at 31 December 2022).

11. SHARE CAPITAL AND RESERVES

	30 September 2023	31 December 2022
Share Capital – Ordinary shares	109,150	109,150

Ordinary shares have a nominal value of € 1 each. Ordinary shares issued and fully paid up at 30 September 2023 amounted to 109,149,600.

The Parent Company does not hold own shares.

Reserves and retained Earnings

The table below shows changes in shareholders' equity reserves in the period.

	Share premium reserve	Legal reserve	SE reserves companies valued at SE	Translation reserve	SORIE reserve	Other reserves	Total reserves
31 December 2021	**145,018**	**21,830**	**3,714**	**(1,165)**	**(4,916)**	**(152,972)**	**11,510**
Allocation of profits of previous years				1,165	(63)		1,102
Currency appreciation due to hyperinflation						613	613
Business combinations "under common control"						(6,866)	(6,866)
Economic effects			695	(1,042)	684		338

	Share premium reserve	Legal reserve	SE reserves companies valued at SE	Translation reserve	SORIE reserve	Other reserves	Total reserves
accounted for in equity							
31 December 2022	**145,018**	**21,830**	**4,409**	**(1,042)**	**(4,294)**	**(159,226)**	**6,696**
Allocation of profits of previous years				1,041	(394)	(613)	33
Business combinations "under common control"						(167)	(167)
Economic effects accounted for in equity			215	(950)	2		**732**
30 September 2023	**145,018**	**21,830**	**4,624**	**(950)**	**(4,687)**	**(160,005)**	**5,830**

The item *Other reserves* includes, among others, the balance of the following items:

- the reserve originating from the recognition of joint operations, which includes the differences between the purchase cost and the net carrying amount of the assets acquired under business combinations between jointly-controlled entities, for a loss of € 251,052 thousand. This reserve includes € 198,261 thousand for the effects of the reverse merger of CMF S.p.A. by incorporation into Rekeep S.p.A., which took place on 1 July 2018. Furthermore, the negative reserve showed an increase of € 6,866 thousand at 31 December 2022, due to the effects of the agreement signed by Rekeep S.p.A. with its parent company MSC Società di Partecipazione tra Lavoratori S.p.A. on 30 June 2022, relating to the acquisition of the "Personnel activities" business unit. Finally, the negative reserve showed an increase of € 167 thousand at 30 September 2023 due to the effects of the agreement signed by Rekeep S.p.A.. on 22 December 2022 with Sacoa S.r.l., a company in the same group controlled by the parent company MSC Società di Partecipazione tra Lavoratori S.p.A., concerning the acquisition of the "Major Customers" business unit (see note 3 for more details);
- the Parent Company's extraordinary reserve equal to € 43,967 thousand.

The table below shows changes in *Retained earnings*:

	Retained earnings of the Parent Company	Consolidation reserve	Total retained earnings
31 December 2021	**3,809**	**(55,135)**	**(51,326)**
Allocation of profits of previous years		(23,690)	(23,690)
Change in consolidation area		(1,099)	(1,099)
31 December 2022	**3,809**	**(79,924)**	**(76,115)**
Allocation of profits of previous years		27,098	27,098
Change in consolidation area		806	806
30 September 2023	**3,809**	**(52,020)**	**(48,211)**

Below is the breakdown of Shareholders' Equity attributable to minority shareholders. For a detailed list of the companies in which non-controlling interests are held, reference should be made to the paragraph on Consolidation Principles.

	30 September 2023	31 December 2022
Equity attributable to non-controlling interests	**6,534**	**6,096**
of which attributable to:		
Subsidiaries of Rekeep World S.r.l.	748	882
Subsidiaries of Servizi Ospedalieri S.p.A.	5,131	4,628
Other subsidiaries and consortia	655	586

	30 September 2023	31 December 2022
Profit for the year attributable to non-controlling interests	**745**	**368**
of which attributable to:		
Subsidiaries of Rekeep World S.r.l.	177	100
Subsidiaries of Servizi Ospedalieri S.p.A.	501	268
Other subsidiaries and consortia	67	0

The equity and the result for the financial year attributable to minority interests relate to the minorities present in some subsidiaries, the most significant of which are described below.

Rekeep World S.r.l., which is the Group's sub-holding company active in the development of international markets, holds a stake of 70% of the share capital of Rekeep France S.a.s. and a stake of 80% of the share capital of the Polish company

Rekeep Polska. There is no recognition of equity attributable to the minority shareholders of these subsidiaries, since a Put Option is granted to the minority shareholders, which is recognized as a financial liability in the Consolidated Financial Statements. During 2018 EOS, a Turkish company in which Rekeep World S.r.l. acquired a majority stake against a stake of 49% held by local partners was consolidated for the first time. The valuation of the stake pertaining to minority shareholders was accounted for as an increase in the Shareholders' Equity of non-controlling interests for the financial year.

Finally, the Shareholders' Equity attributable to minority interests includes the shares pertaining to the non-controlling quotaholders of Medical Device S.r.l. (60% owned by Servizi Ospedalieri S.p.A.) and U.Jet S.r.l., which is also 60% owned by Servizi Ospedalieri S.p.A..

12. FINANCIAL INDEBTEDNESS

Net financial indebtedness as of 30 September 2023 amounted to € 491,329 thousand, compared to € 449,776 thousand at 31 December 2022.

	30 September 2023	31 December 2022
Long-term financial debt	410,715	408,608
Bank borrowings, including current portion of long-term debt, and other financial liabilities	157,896	132,428
Gross financial indebtedness	**568,611**	**541,036**
Cash and cash equivalents	(60,433)	(84,243)
Current financial assets	(16,849)	(7,017)
Financial indebtedness	**491,329**	**449,776**

Below is the breakdown by financial statement item:

Current and non-current financial liabilities

The tables below set forth the qualitative breakdown of current and non-current financial liabilities at 30 September 2023 and 31 December 2022.

	30 September 2023	within 1 year	from 1 year to 5 years	after 5 years
Senior Secured Notes	365,752		365,752	
Artigiancassa loan	718	239	479	
SACE loan	48,000	48,000		
Banca di Bologna loan	383	16	367	
Prepaid interest expenses	(826)	(663)	(163)	
Accrued interest expenses	5,610	5,610		
Long-term bank borrowings and current portion of long-term bank borrowings	**419,638**	**53,203**	**366,435**	**0**
Current bank overdraft, advance payments and hot money	28,949	28,949		
Lease liabilities	49,475	20,966	24,427	4,082
Loans from syndicated shareholders	868	157	599	112
Loan from Parent Company MSC Società di Partecipazione tra Lavoratori	23	23		
Other financial liabilities	4,409	4,409		
Obligations from assignments with recourse of trade receivables	20,378	20,378		
Amounts collected on behalf of assignees of trade receivables	15,767	15,767		
Obligations arising from reverse factoring transactions	11,610	11,610		
Options on subsidiaries' minority shareholdings	17,013	1,952	15,060	
Share capital to be paid into associates	315	315		
Debt for the acquisition of investments/business units	166	166		
TOTAL FINANCIAL LIABILITIES	**568,611**	**157,896**	**406,521**	**4,194**

	31 December 2022	within 1 year	from 1 year to 5 years	after 5 years
Senior Secured Notes	364,541		364,541	
Artigiancassa loan	838	239	599	
Prepaid interest expenses	(1,065)	(623)	(442)	
Accrued interest expenses	11,695	11,695		

	31 December 2022	within 1 year	from 1 year to 5 years	after 5 years
Long-term bank borrowings and current portion of long-term bank borrowings	**376,010**	**11,312**	**364,698**	**0**
Current account overdrafts, advance payments and hot money	15,293	15,293		
Lease liabilities	48,956	20,180	23,833	4,943
Loans from syndicated shareholders	1,040		1,040	
Loan from Parent Company MSC Società di Partecipazione tra Lavoratori	1	1		
Other financial liabilities	7,635	7,635		
Obligations from assignments of trade receivables with recourse	11,806	11,806		
Amounts collected on behalf of assignees of trade receivables	28,480	28,480		
Obligations arising from reverse factoring transactions	33,813	33,813		
Options on subsidiaries' minority shareholdings	16,046	1,952	14,094	
Debt for the acquisition of investments / business units	1,956	1,956		
TOTAL FINANCIAL LIABILITIES	**541,036**	**132,428**	**403,665**	**4,943**

Senior Secured Notes (Rekeep S.p.A.)

On 28 January 2021 Rekeep S.p.A. launched a high-yield bond issue named "€350,000,000 7.25% Senior Secured Notes due 2026", which is not convertible and not subordinated, for a total amount on account of principal of € 350 million, due 1 February 2026. The Notes, which were reserved for institutional investors, were admitted to 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 issue took place at par, with a coupon at an annual fixed rate 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. 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 rules of the bond issue provide for a system of guarantees and covenants to protect the Bondholders' investment. There are in fact some limitations on the financial operations of the Issuer and of its subsidiaries, while allowing the Group to operate freely, provided that the operations carried out contribute added value and cash flows to the Group, at least potentially. These

covenants substantiate in some limitations on the possibility of incurring new indebtedness and making distribution of dividends, investments and some types of payments outside the Restricted Group (restricted payments). Furthermore, there are also rules governing the allocation of sums obtained from the sale of fixed assets, the performance of non-recurring and related-party transactions and the release of collateral on corporate assets to third parties. The covenants in question substantiate in the compliance with certain financial parameters (incurrence base financial covenants), the fulfillment of some conditions or the application of a quantitative limit on the performance of the transactions referred to above rather than in a full prohibition on carrying out the aforesaid transactions. Finally note interim reporting obligations concerning the Group's financial position, results of operations and cash flows. The limits and provisions laid down in the rules of the bond issue are in line with market practice for similar operations. The failure by the Issuer to comply with one or more covenants, in addition to significant events that give rise to a state of insolvency, constitute default events. There is the possibility of remedying most of them within a certain period of time. The default event relating to the state of insolvency or the failure to remedy the other default events constitute grounds for acceleration, i.e. the beneficiary's forfeiture of the right to the time limit and the early redemption of the Notes. No default events had occurred at the reporting date of these Financial Statements.

As at 30 September 2023 the financial charges accrued on the bond coupons amounted to € 19,746 thousand against € 19,995 thousand in the first 9 months of the previous year. The upfront fees relating to the issue of Senior Secured Notes, accounted for according to the amortized cost method in accordance with IFRS 9, entailed the recognition of financial amortization charges of € 1,211 thousand during the first 9 months of 2023 (€ 1,121 thousand during the first 9 months of 2022).

Super Senior Revolving Credit Facility (RCF)

At the same time as the issue of 28 January 2021, Rekeep S.p.A. signed a new revolving loan agreement that guarantees a senior secured line of credit ("RCF") for an amount of up to € 75 million, and due 1 August 2025, to be used for general purposes and to manage the working capital of the Issuer and its subsidiaries. The subsidiary Servizi Ospedalieri S.p.A. may also access this facility providing a specific personal security. 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.

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 recognized on a quarterly basis on the basis of the 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 reporting date of these financial statements the financial covenants had been complied with.

The facility was partially drawn down during the first 9 months of the year in order to meet temporary cash requirements (if any), and promptly repaid: the RCF facility had not been drawn down at 30 September 2023. The temporary partial uses entailed the charging of financial costs equal to € 1,077 thousand accrued for the time being (€ 580 thousand at 30 September 2022).

Prepaid interest expenses

At 30 September 2023 the Company recognized prepaid interest expenses of € 826 thousand (€ 1,065 thousand at 31 December 2022). The item mainly relates to the arrangement fee initially incurred by Rekeep S.p.A. for the execution of the Super Senior Revolving (RCF) loan agreement, initially equal to € 1,260 thousand). These costs will be amortized on a straight-line basis throughout the term of the credit line and generated amortization charges of € 210 thousand in the first 9 months of 2023 (in line with the same period of the previous year).

Accrued interest expenses

At 30 September 2023 accrued interest expenses were recognized for € 5,610 thousand (€ 11,695 thousand at 31 December 2022), of which € 4,545 thousand relating to the coupon of the Senior Secured Notes due 1 February 2024 (€ 11,624 thousand at 31 December 2022).

SACE Loan (Rekeep S.p.A.)

On 20 April 2023 SACE Fct S.p.A., the SACE group factoring company, which is the lead manager of the transaction, and Banca Sistema S.p.A. made available a Confirming line of credit to the Parent Company Rekeep S.p.A., for a total nominal value of € 60 million intended for the payment of its supply chain of suppliers and subcontractors. The line of credit is backed by a SupportItalia Guarantee provided by SACE S.p.A., which is the extraordinary measure put in place to support liquidity of the Italian enterprises and limit the adverse economic effects arising from the Russia's military aggression against Ukraine, as envisaged in Decree Law no. 50 of 17 May 2022 ("Aid Decree", as converted by Law no. 91 of 15 July 2022), as supplemented. Within the transaction, Rekeep S.p.A. appointed SACE Fct S.p.A. and Banca Sistema S.p.A. to manage the payment of amounts claimed by its own suppliers and subcontractors throughout the country.

This loan is disbursed for an initial amount of € 60 million, with a term until 30 September 2024, provides for an initial pre-amortization period, bears interest and may be repaid in 5 quarterly installments. As at 30 September 2023, the first installment was repaid for € 12 million, thus bringing the residual debt to € 48 million at 30 September 2023 (this item had not been reported in the previous year).

Furthermore, it should be noted that the loan disbursed by SACE Fct S.p.A. had been almost entirely used as at 30 September 2023 for payments to be made to its supply chain of suppliers and subcontractors.

The financial charges accrued on this loan amounted to € 1,604 thousand at 30 September 2023.

Artigiancassa loan (Rekeep S.p.A.)

On 21 June 2018 the Company obtained a soft loan from the "Energy and Mobility Fund" of the Marche Regional Government, aimed at supporting the development of energy efficiency of healthcare units. This soft loan is disbursed partly in the form of an 8-year financing on the part of Artigiancassa S.p.A. for an initial amount of € 1,676 thousand and a pre-amortization period of 12 months. The loan does not bear interest and provides for the payment of 14 six-monthly installments falling due on 31 March

and 30 September of each year. As at 30 September 2024 an additional installment of € 120 thousand was repaid, thus bringing the residual debt of this loan to € 718 thousand (€ 838 thousand at 31 December 2022).

Banca di Bologna S.p.A. loan (DUC Gestione Sede Unica Società Consortile a r.l.)

The loan, which was recognized following the consolidation of DUC Gestione Sede Unica Società Consortile a r.l. (for more details, see note 3 above) for an amount of € 383 thousand, concerns the financing taken out with Banca di Bologna S.p.A. by the subsidiary for the construction of the PV plant at the complex of the new unified services headquarters of the Municipality of Bologna. The bank disbursed the loan in 2008 for a total amount of € 1,020 thousand to be repaid in 20 years, in quarterly installments and at a rate equal to the IRS plus a spread of 0.70. The loan is not covered by covenants and there are no derivatives linked thereto.

Other bank loans

No other loans with banks were reported at 30 September 2023 (unchanged compared to 31 December 2022).

Current account overdraft, advance payments and hot money

As at 30 September 2023 this item showed a balance of € 28,939 thousand against an amount of € 15,293 thousand at the end of the previous year.

Bank overdrafts and advance payments are not backed by guarantees. Their management is linked to temporary cash requirements within inflows and outflows on the reporting date.

Lease liabilities

Obligations in place at 30 September 2023 for lease agreements, property and operating leases amounted to € 49,475 thousand against € 48,956 thousand at 31 December 2022.

During the year under review, new contracts were activated and lease payments were revalued for a present value, at the time of recognition, equal to € 8,982 thousand while contracts were early terminated for a residual value of € 329 thousand. The new contracts signed are related to motor vehicles, corporate fleet vehicles, equipment, plant and machinery (the latter mainly relating to Servizi Ospedalieri S.p.A., which uses them in the laundering and sterilization production processes) and property leases.

Syndicated loans

This item refers to financing provided by the consortium members, which are minorities in the consortium companies included within the scope of consolidation, since they are owned or held in joint venture at 50%. In certain cases, these loans are non-interest-bearing loans and are repayable on request. In other cases, they have a contractually defined maturity and, in others, they do not have a contractually defined maturity but will essentially be repayable at the end of the long-term service contract,

on the basis of which the consortium company was established. As at 30 September 2023 the overall balance of these loans amounted to € 868 thousand (€ 1,040 thousand at 31 December 2022).

Due to factoring agencies

This item includes receipts from customers on receivables assigned within the factoring of trade receivables without recourse, for which the Group acts as the agent for the management of receipts on behalf of the factor. The amounts collected, equal to € 15,767 thousand at 30 September 2023 (€ 28,480 thousand at 31 December 2022), were transferred to the factor in the month after the end of the period.

Obligations from assignments of receivables with recourse

Rekeep S.p.A. and Servizi Ospedalieri entered into an agreement for the assignment with recourse of trade receivables with Banca Sistema S.p.A. concerning receivables from Public Authorities during 2020.

In 2023 assignments with recourse were made with regard to trade receivables at a nominal value of receivables of € 47,162 thousand while the exposure was equal to € 20,378 thousand at 30 September 2023 (€ 11,806 thousand at 31 December 2022).

Obligations arising from reverse factoring transactions

As from 2020 the Parent Company Rekeep S.p.A. entered into some reverse factoring lines, which ensure a greater amount of overdraft facilities with respect to payments to some suppliers. The overall exposure amounted to € 11,610 thousand at 30 September 2023 (€ 33,813 thousand at 31 December 2022).

Options on subsidiaries' minority shareholdings

The options on subsidiaries' non-controlling interests were recognized for an amount of € 17,013 thousand at 30 September 2023 (€ 16,046 thousand at 31 December 2022).

Of these an amount of € 15,060 thousand related to the fair value at the date of the Put option granted in favor of the minority shareholder of Rekeep Polska S.A. on 20% of the capital of the company acquired on 30 October 2019. The related strike price is calculated for an amount equal to the product between consolidated EBITDA on a 12-month basis for the quarter immediately preceding that exercise date by a multiple equal to 7.5x, as reduced by the consolidated net financial position and adjustments to Net Working Capital set out in the acquisition contract. This option may be exercised within 1 year as from the fifth year after the acquisition date (between 30 October 2024 and 30 October 2025).

As at 30 September 2023 there also was the recognition of the estimated liability linked to the Put option held by the minorities of Rekeep France S.a.s., whose shareholding of 30% was transferred to third parties on 15 January 2018 under an Investment Agreement signed in 2017.

Debts for the acquisition of investments/business units

This item amounted to € 166 thousand at 30 September 2023 (€ 1,956 thousand at the end of the previous year). The item includes Rekeep S.p.A.'s residual debt of € 160 thousand to Sacoa S.r.l., a company belonging to the same group controlled by the parent company MSC Società di Partecipazione tra Lavoratori S.p.A., relating to the acquisition of the "Major Customers" business unit, as detailed in note 3 above. At the end of the previous year, the item had included Rekeep S.p.A.'s residual debt to the parent company MSC Società di Partecipazione tra Lavoratori S.p.A., relating to the acquisition of the "Personnel Activities" business unit that had been completed during 2022: this debt was repaid during the third quarter of 2023.

Other financial liabilities

As at 30 September 2023 other financial liabilities were recorded for € 4,409 thousand, against € 7,635 thousand at 31 December 2022. Other financial liabilities include a loan for a residual value of € 300 thousand (€ 1,182 thousand at 31 December 2022) granted by the Polish Government to the Polish group's subsidiary Catermed Sp. z o.o. within the scope of measures put in place to support companies in order to counter the COVID-19 emergency. The loan, which is structured into two lines, i.e. liquidity and preferential financing, has a term of three years and accrues interest. Furthermore, the balance of this item includes the price that the Parent Company Rekeep has paid to its controlling company MSC against the acquisition of the property lease agreements involving the registered office with MPS Leasing & Factoring S.p.A. for a residual value of € 3,270 thousand at 30 September 2023 (against an initial debt of € 5,370 thousand (including VAT)), as determined according to the positive differential between the value of the real estate complex and the residual debt arising from lease agreements, which was already stated at 31 December 2022.

Current and other financial assets

As at 30 September 2023 Current and other financial assets amounted to € 16,849 thousand (€ 7,017 thousand at 31 December 2022) and mainly included:

- the balance of pledged current accounts dedicated to the operation of the service for managing receipts within the scope of assignments of trade receivables without recourse, equal to € 1,863 thousand (€ 5,564 thousand at 31 December 2022);
- financial receivables for the assignment of the residual balance of electricity and gas tax credits to the parent company MSC on the part of some subsidiaries, for € 1,551 thousand;
- an overall amount of € 667 thousand of receivables for short-term loans and financial accounts held with non-consolidated Group companies (€ 855 thousand at 31 December 2022);
- the balance of restricted current accounts for € 12,350 thousand for the sums pledged as cash collateral for contracts for the supply of gas, previously included under non-current financial receivables and reclassified as short-term at 30 September 2023, since they can be settled within 1 year from the date of period-end.

13. EMPLOYEE TERMINATION INDEMNITY (TFR)

Below are the changes in the liabilities relating to Employee Termination Indemnity (TFR) in the first 9 months of 2023, compared with changes in the same period of the previous year.

	For the 9 months ended	
	30 September 2023	30 September 2022
AT 1 JANUARY	**9,970**	**10,483**
Additions for business combinations	75	597
Current service cost	976	658
Interest costs on benefit obligations	264	43
Benefits paid	(1,332)	(1,409)
Net actuarial (gains)/ losses	38	(1,030)
AT 30 SEPTEMBER	**9,991**	**9,341**

Below is reported the breakdown of the net cost of employee benefits relating to the Employee Termination Indemnity (TFR):

	For the 9 months ended	
	30 September 2023	30 September 2022
Current service cost	976	658
Interest costs on benefit obligations	264	43
Net cost of the benefit recognized in the statement of profit or loss	**1,240**	**701**
Net actuarial (gains)/ losses recognized in the period (on shareholders' equity)	38	(1,030)
TOTAL COST OF THE BENEFIT	**1,278**	**(330)**

Below are reported the data relating to the average number of the Group's employees:

	For the 9 months ended	
	30 September 2023	30 September 2022
Executives	68	69
Office workers	1,775	1,743
Manual workers	23,872	25,026
AVERAGE STAFF	**25,715**	**26,838**

14. PROVISIONS FOR RISKS AND CHARGES

Below are reported the breakdown and changes in provisions for risks and charges for the period ended 30 September 2023:

	Risks on Investments	Risks on job orders	Pending disputes	Tax litigation	Agents' indemnity leave	Severance provisions	Other provisions	Total
At 1 January 2023	**414**	**12,886**	**25,344**	**441**	**176**	**670**	**8,743**	**48,675**
Accruals		4,082	1,552				6,229	11,863
Uses		(1,757)	(1,350)	(2)		(32)	(3,401)	(6,542)
Reversals		(253)	(302)				(60)	(615)
Others	317	167	(265)	8	(176)		(941)	(892)
At 30 September 2023	**731**	**15,126**	**24,978**	**447**	**0**	**638**	**10,569**	**52,488**
At 30 September 2023:								
Current	*731*	*13,646*	*316*	*447*	*0*	*638*	*4,744*	*20,521*
Non-current	*0*	*1,478*	*24,662*	*0*	*0*	*0*	*5,826*	*31,967*
At 31 December 2022:								
Current	*414*	*11,890*	*369*	*447*	*0*	*670*	*4,692*	*18,483*
Non-current	*0*	*996*	*24,974*	*(6)*	*176*	*0*	*4,051*	*30,192*

Provision for risks on investments

The item, amounting to € 731 thousand (€ 414 thousand at 31 December 2022), includes the provision for unrecoverable future losses of Group companies and related for € 118 thousand to the subsidiary Alisei S.r.l. in liquidation, for € 136 thousand to the

subsidiary Manutencoop International Services LLC in liquidation, for € 169 thousand to the subsidiary Yougenio S.r.l. in liquidation and for € 308 thousand to the subsidiary S.AN.CO. s.c. a r.l. in liquidation.

Provision for risks on contracts

This provision includes, at consolidated level:

- estimated risks relating to potential disputes with customers, on the report of works;
- estimated penalties charged by customers;
- estimated costs to complete job orders, in respect of which no additional revenues will be paid.

The balance at 30 September 2023 was equal to € 15,126 thousand (€ 12,886 thousand at 31 December 2022), up by € 2,240 thousand against accruals of € 4,082 thousand, uses of € 1,757 thousand, releases of € 253 thousand, and other changes of € 167 thousand.

Provisions for pending legal disputes

At the reporting date of the financial statements, the risk was assessed for the Group to be required to pay future compensation in the event of losing cases in legal actions pending with customers, suppliers, employees and others. During the period ended 30 September 2023, the provision, totaling € 24,978 thousand (€ 25,344 thousand at 31 December 2022), reported increases for accruals for € 1,552 thousand and decreases for uses, releases and other changes totaling € 1,917 thousand.

Accruals were mainly recognized to cover risks of Parent Company Rekeep S.p.A. for € 1,245 thousand. Uses and reversals for the period, most of which were attributable to the Parent Company, relate to the use of provisions set aside in previous years against the settlement of disputes with suppliers and of actions with other parties.

On 20 January 2016 the Competition Authority (“AGCM”) imposed on the Parent company Rekeep S.p.A. (formerly Manutencoop Facility Management S.p.A.) a fine of € 48.5 million due to the breach of competition rules on the part of some companies which had taken part in a European Union tender for cleaning services in school buildings called by CONSIP in 2012 (“Consip Scuole”). The fine was subsequently reduced to € 14.7 million and paid in full by the Company already during 2019.

On 7 January 2017 the Company served a writ of summons on the entity, asking the Ordinary Court of Rome to establish the unlawfulness of the notice of termination of the agreements and order Consip S.p.A. to compensate for any damage suffered by the Company. By a judgment filed on 30 May 2022, the Civil Court of Rome rejected our summons while declaring that the termination of the "Consip Scuole" agreements pursuant to Article 1456 of the Italian Civil Code ordered by Consip was legitimate. The Company, through its legal counsels, submitted an application for appeal, with the first hearing scheduled on 31 January 2023, which was rescheduled *ex officio* to 16 October 2023 and currently retained for decision. The tender performance bond (initially equal to € 24.5 million) might also be actually enforced in part if the Company loses the case against Consip S.p.A.. ANAC has proceeded with the entry of the contract termination in its computerized records.

Subsequently, on 16 June 2017, Consip officially informed Rekeep S.p.A. of its own decision concerning the exclusion of the Company from the tenders for new agreements relating to cleaning services of barracks ("Consip Caserme") and to cleaning services with health service providers ("Consip Sanità"), with the intention also to confiscate, in this last case, the surety given by the Company during the tender for the amount of approximately € 10.4 million (known as "bid bond"). Both the Regional Administrative Court and the Council of State have confirmed the order of exclusion and, finally, by the Supreme Court, which, by an order published on 22 December 2021, rejected the judicial appeal submitted by the Company. In the meantime, Consip S.p.A. asked the guarantors to enforce the guarantees (bid bonds) provided in the interest of Rekeep for the Consip Sanità tender (equal to € 10.4 million) and Consip Caserme (equal to € 3.4 million). Rekeep S.p.A., with independent appeals and additional grounds, challenged these measures before the Lazio Regional Administrative Court, which rejected the appeals. By an order dated 22 March 2021 the Council of State suspended the enforcement of the judgment that had been appealed against; at the hearing on the merits held on 7 October 2021 the Council of State suspended the proceedings pending a decision on the part of the Constitutional Court as to a dispute regarding Consip's enforcement of provisional deposits against a competitor, during which objections were raised regarding constitutional legitimacy. On 26 July 2022, the Constitutional Court rejected the objections concerning constitutional legitimacy by judgment no. 198/2022. Therefore, following a request to schedule a hearing, the Council of State met for discussion on 2 February 2023 and ordered the suspension of the proceedings, pending a decision on the part of the European Court of Justice on preliminary issues submitted in another appeal (but overlapping with those raised by the defense counsels to the Company) and referred by the Council of State by order to the European Court. However, a single-member board's Presidential decree suspending the challenged judgments was obtained in the meantime. Finally, on 28 July 2020, one of the guarantors (Atradius) served on Rekeep an appeal before the Civil Court of Rome under Article 702-bis in order to obtain the payment of the sums relating to the sureties issued for the participation in the Consip Sanità tender, pending the enforcement on the part of Consip. At the first appearance hearing scheduled on 24 March 2021, the Court ordered for the summary procedure to be converted into ordinary procedure and for the parties' to appear at the hearing scheduled on 21 September 2022: on that occasion further preliminary motions submitted by the opposing party were rejected and a hearing was set for the specification of conclusions on 21 June 2023, which is currently retained for decision.

Finally, on 6 March 2020 Consip S.p.A. informed the Company of the exclusion from the tender for the cleaning of museum premises ("Consip Musei"), with the intention of sending the document to ANAC, which may proceed with the entry in the electronic criminal records of "Useful information". On 13 March 2020 a request was also sent for the enforcement of the bid bond relating to this tender (equal to € 2.8 million). The Company challenged these orders before the Regional Administrative Court, which rejected the appeal. However, by an order of 11 March 2021 the Council of State granted the preliminary request submitted by the Company and suspended the enforcement of the judgment that had been appealed against. At the hearing held on 7 June 2022, the Council of State suspended the proceedings pending the filing of the Constitutional Court's decision, which, on 26 July 2022, rejected the objections on constitutional legitimacy by judgment no. 198/2022. Therefore, following a request to schedule a hearing, the Council of State met for discussing the substance of the matter on 29 November 2022 while

considering the lawfulness of the order of exclusion from the Consip Musei tender and of enforcement of the bid bond. The Company filed an appeal for review before the Council of State, which ordered the suspension of the challenged order limited to the enforcement of sureties under an order dated 24 March 2023.
The Consip Sanità, Consip Caserme and Consip Musei tenders did not generate consolidated Revenues until 30 September 2023 and were not included in the consolidated backlog at 30 September 2023.
In the Consolidated Financial Statements at 30 September 2023 the Directors already decided to maintain the provisions for future charges (equal to € 17.5 million), also taking account of the risk of enforcement of the abovementioned performance bond and bid bonds and despite the fact that Rekeep S.p.A. could submit sound arguments against the enforcement of the bonds in court.

The dispute concerning the fine imposed in relation to the FM4 Tender still continued in 2023.
On 23 March 2017, the Competition Authority notified Rekeep S.p.A. (Manutencoop Facility Management S.p.A. at the time) 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. e 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 S.c.a.r.l. 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 Competition 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 Regional Administrative Court granted the request for redetermination of the fine, setting the relevant parameters. Subsequently, 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 the order 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 abovementioned 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. On 20 January 2022, discussion on the merits was held before the Council of State, which rejected the appeal submitted by the Company by a judgment filed on 9 May 2022.

Against the ruling, the Company filed an appeal for review before the Council of State on 10 June 2022 and an appeal before the Supreme Court on 8 July 2022, both of which were declared as inadmissible. The Company has instructed its legal

counsels to submit an appeal before the European Court of Human Rights in relation to the Council of State's ruling on the proceedings for revocation.

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.
As regards the effects on the financial statements, the Directors recognized the debt and the related cost associated with the expected financial outlay for an amount of € 79,800 thousand as early as from the financial statements at 31 December 2020, given the enforceability of the fine and while continuing to rely on the reasonableness of the defense arguments, as stated in the final order of the Competition Authority and entered in the taxpayers' list on the part of the Revenue Agency. For the payment of the debt, the Company applied for and obtained from the Revenue Agency a payment plan of 72 monthly installments, at an interest rate of 4.5%, which was finally updated on 22 December 2020. The residual debt amounted to € 58,075 thousand at 30 September 2023. See note 16 for more details on the stated liability.

Furthermore, on 28 June 2019 Consip S.p.A. served on Rekeep S.p.A. the order providing for its exclusion from the FM4 Tender due to the breach of Article 38, paragraph 1.f, of Legislative Decree 163/2006, as well as of Article 68 of Royal Decree 827/1924 and of Article 38, paragraph 2, of Legislative Decree 163/2006, while notifying the enforcement of the provisional guarantees provided by Rekeep S.p.A. in tendering (equal to € 3.9 million). With regard to this exclusion, ANAC initiated a procedure under Article 38, paragraph 1-ter, of Legislative Decree no. 163/2006. On 3 July 2019 Rekeep S.p.A. filed an appeal with the Lazio Regional Administrative Court in order to seek the annulment of the acts of Consip S.p.A.; on 10 July 2019 the administrative court ordered for them to be suspended pending its own ruling on the appeal against the Competition Authority's order, while also scheduling the hearing in chambers for the decision on the preliminary request on 11 September 2019. On that occasion the Lazio Regional Administrative Court partially granted the preliminary request against the order issued by Consip S.p.A., providing on 10 July 2019 for the suspension of only the enforcement of the temporary guarantees until the hearing on the merits scheduled on 15 July 2020, and subsequently postponed on several occasions until 13 July 2022. On 18 July 2022 a partial judgment was filed, in which the Regional Administrative Court found that the Company's exclusion from participation in the FM4 tender was legitimate, while it suspended the proceedings regarding the enforcement of the surety bond pending the filing of the aforesaid decision of the Constitutional Court, which, on 26 July 2022, ruled by rejecting the issue of constitutional legitimacy by judgment no. 198/2022: therefore, the Regional Administrative Court set the hearing on the merits for the discussion about the enforcement of the surety bond for the hearing on 9 November 2022. On 16 November 2022 the Rome Regional Administrative Court rejected the appeal by "final" judgment no. 15201/22. On 18 January 2023 the Company filed an appeal against the judgment: following the acceptance of the request for precautionary measures for the suspension discussed at the hearing on 2 February 2023, at the hearing held on 18 May 2023 the Council of State provided, under an order dated 30 August 2023, for a suspension of proceedings until the European Court of Justice's decision on

preliminary issues raised in another appeal. Furthermore, on 9 November 2022 the Company appealed against the partial judgment whereby the Regional Administrative Court ruled on the lawfulness of the order of exclusion from the tender: the hearing for discussing the merits, finally scheduled on 9 November 2023, was adjourned by the Council of State to a date to be still scheduled, pending the decision on the enforcement of the surety bond.

On 4 November 2019 the Company submitted an appeal to the Lazio Regional Administrative Court against the proceedings initiated by ANAC, which, at present, have been removed from the docket in consideration of the fact that on 24 January 2020 ANAC ordered to suspend the proceedings while waiting for the settlement of the disputes brought in first instance before the Regional Administrative Court for the Competition Authority's Consip FM4 orders and the exclusion from the Consip FM4 tender. Potential revenues relating to the FM4 Tender have never been included in the Rekeep Group's backlog.

Based on the information provided above in relation to the Competition Authority's order, the Directors do not see any uncertainties for the purposes of assessing the going-concern assumption after having specifically verified the Group's financial planning and the actual conditions to be able to meet such cash outflows as could emerge from the above obligations.

As things stand as regards the abovementioned proceedings, there are no impediments for the Rekeep Group companies to the participation and being awarded new calls for tenders launched by Public Authorities, and, moreover, any other awarding procedure of contracts with private customers still remains valid.

Provision for termination employee benefits

This provision has been set aside to include the amounts due for severance and employee redundancy costs, as part of various restructuring plans implemented by some Group companies over the last few years. The provision recorded a balance equal to € 638 thousand at 30 September 2023 (€ 670 thousand at 31 December 2022) against uses of € 32 thousand.

Provision for tax disputes

At 30 September 2023 the provision amounted to € 447 thousand, recording a total increase of € 6 thousand during the period (€ 441 thousand at 31 December 2022).

Other provisions for risks and charges

The provision, amounting to € 10,569 thousand at 30 September 2023, showed an increase of € 1,826 thousand compared to 31 December 2022 (€ 8,743 thousand) as a result of provisions for € 6,229 thousand, and uses, releases and other changes totaling € 4,403 thousand.

The allocations for the period include, among others, the provision set aside by subsidiary Rekeep Saudi CO Ltd for charges that are expected to be incurred in future years, amounting to € 6,177 thousand, due to the opening of international arbitration proceedings against its customer OPS LLC in May 2023 and the conclusion of the Metro Riyadh service agreement in July 2023 and the resulting reduction in the workforce and business operations that will be implemented gradually until the completion of the arbitration procedure, which is expected to take place in the 2025 financial year.

On 10 April 2023, our subsidiary Rekeep Saudi CO Ltd, based in Saudi Arabia, received from its customer OPS LLC a formal notice of termination (Notice of Termination) due to a serious breach of the contract concerning the operation and maintenance services for four lines of the Riyadh Metro. On 12 April 2023, Rekeep Saudi CO Ltd rejected the notice since it claimed that the alleged serious breach underlying the Notice of Termination was unfounded; on 10 May 2023, it challenged the Notice of Termination by filing its request for arbitration before the International Chamber of Commerce (ICC) in Paris in order to seek a decision declaring the illegality of the challenged act and ordering OPS LLC to compensate for any and all damages. The request for arbitration was served on the counterparty on 30 May 2023. On 1 August 2023, OPS filed its counterarguments by submitting its own claim for damages and asked the ICC to authorize it to sue the Parent Company Rekeep S.p.A. in the proceedings.

In October 2023, the establishment of the arbitration panel was finalized with the appointment by ICC of the President of the arbitration panel, which gave impetus to some procedural activities that were preliminary to the pre-trial investigation.

In the meantime, on 12 May 2023 Rekeep Saudi CO Ltd also served OPS LLC with a notice of termination of contract due a serious breach on the part of OPS LLC, which then became effective on 11 July 2023.

The Group's management believes that the subsidiary has fulfilled its obligations under the contract and intends to defend its position. Therefore, at present, any risk that might arise from arbitration litigation regarding the counterclaim for damages submitted by the opposing party is considered to be remote.

15. CONTINGENT LIABILITIES

As at the date of approval of the Interim Report on Operations at 30 September 2023, contingent liabilities had not arisen for the Rekeep Group which had not been recognized in the accounts, for which the Management believes that the related financial risks can be regarded as possible but unlikely or for which these risks cannot be quantified and recognized in the financial statements at 30 September 2023.

16. TRADE PAYABLES, CONTRACT LIABILITIES AND OTHER CURRENT LIABILITIES

The table below sets forth the breakdown of the item at 30 September 2023 and 31 December 2022:

	30 September 2023	of which to related parties	31 December 2022	of which to related parties
Trade payables	326,516		412,860	
Trade payables due to third parties	**326,516**	**0**	**412,860**	**0**
Trade payables to MSC S.p.A.	1,403	1,403	1,312	1,312
Trade payables to associates, affiliates and joint ventures	35,724	35,724	44,061	44,061
Trade payables to the Group	**37,127**	**37,127**	**45,373**	**45,373**
Advances from customers, including contract liabilities	44,615	936	22,575	
Trade payables and contract liabilities	**408,258**	**38,063**	**480,808**	**45,373**
Fees due to directors and statutory auditors	438		255	
Tax payables	7,384		8,409	
Payables to social security institutions within 12 months	14,872		17,113	
Other payables to TJA ("*Associazione Temporanea di Imprese*")	6,758		7,833	
Payables to employees within 12 months	62,214		53,087	
Other payables within 12 months	77,450		79,462	
Property collection on behalf of customers	2,176		2,176	
Other current operating payables to third parties	**171,302**	**0**	**168,335**	**0**
Other current payables to MSC S.p.A.	48	48	23	23
Other payables to associates, affiliates and joint ventures	646	646	42	42
Other current payables to the Group	**694**	**694**	**65**	**65**
Accrued expenses	1,546		111	
Deferred income	700		1,156	
Accrued expenses and deferred income	**2,246**	**0**	**1,267**	**0**
Other current liabilities	**174,242**	**755**	**169,667**	**65**

Trade payables do not accrue interest and are settled for, on average, 90/120 days from the invoice date. The other payables are non-interest bearing and are settled, on average, after 30 days, excluding payables due to employees for accrued year-end and summer bonuses and holidays paid at 6 months on average, and the amounts due to the Tax Authorities for VAT payments.

Trade payables and contract liabilities at 30 September 2023 amounted to € 408,258 thousand against a balance of € 480,808 thousand at 31 December 2022, showing a decrease of € 72,550 thousand. The decrease in this item was attributable to two

effects: (i) the use of the Confirming credit line commented on above, whereby Rekeep S.p.A. appointed SACE Fct S.p.A. and Banca Sistema S.p.A. to manage the payment of amounts claimed by its own suppliers and subcontractors throughout the country and (ii) a decrease in energy prices, which resulted in a lower exposure to suppliers.

Other current operating payables showed a balance of € 174,242 thousand at 30 September 2023 (€ 169,667 thousand at 31 December 2022) and are mainly made up of the following items:

- payables to employees of € 62,214 thousand (€ 53,087 thousand at 31 December 2022) including the current monthly salaries to be paid in the months after the end of the financial year, as well as payables for additional monthly salary to be paid (a portion of the 14th salary, to be paid every year in the month of July, and of the 13th salary, to be paid every year in December). Furthermore, the corresponding payables to social security institutions were recognized for € 14,872 thousand (€ 17,113 thousand at 31 December 2022);
- payables due to tax authorities for € 7,384 thousand mainly relating to the balance of payables for VAT payments on the part of some Group companies and of the IRPEF (Personal Income) tax payable for employees (€ 8,409 thousand at 31 December 2022);
- collections on behalf of Temporary Associations of Companies (TJA) for € 6,758 thousand, which relate to the amounts collected by the Group, on behalf of third parties, mainly relating to job orders under CONSIP agreement (€ 7,833 thousand at 31 December 2022).

Other current liabilities also included the residual balance, amounting to € 58,075 thousand, of the liability stated by the Parent Company Rekeep S.p.A. following the service of the Competition Authority's updated sanctioning order regarding the Consip FM4 tender and the Revenue Agency's subsequent registration, in the taxpayers' list, of the requested amounts subject to a plan for no. 72 monthly installments, which was provided on 22 December 2020 (initial debt of € 82.2 million).

17. COMMITMENTS AND GUARANTEES

The Group has commitments in place which arise from the execution of lease agreements.

Specifically, the Group signed lease agreements primarily for plant and machinery used in the production processes of the Laundering & Sterilization SBU, as well as property lease agreements and commitments to the execution of property lease agreements for the Group's offices, long-term hire agreements for the Group companies' corporate fleets and agreements for the hiring of equipment used in performing some work contracts, accounted for in accordance with IFRS16.

The tables below report the breakdown of the amount of future payments under lease agreements and their present value at 30 September 2023 and 31 December 2022:

	30 September 2023		31 December 2022	
	Lease payments	**Present value of lease payments**	**Lease payments**	**Present value of lease payments**
Within one year	22,120	20,966	21,243	20,180
From one year to five years	28,167	24,427	25,720	23,833
After five years	7,238	4,082	6,325	4,943
TOTAL LEASE FEES	**57,525**	**49,475**	**53,288**	**48,956**
Financial costs	(8,050)		(4,332)	
PRESENT VALUE OF LEASE FEES	**49,475**	**49,475**	**48,956**	**48,956**

Furthermore, as at 30 September 2023, the Group granted sureties to third parties for:

- guarantees against financial obligations amounting to € 5,151 thousand (€ 9,652 thousand at 31 December 2022), of which € 743 thousand issued in the interest of associates for bank overdrafts and other financial obligations (€ 789 thousand at 31 December 2022);
- sureties granted to third parties to ensure the correct fulfillment of contract obligations in place with customers, amounting to € 355,673 thousand (31 December 2022: € 376,420 thousand), of which € 3,905 thousand issued in the interests of associates (€ 1 thousand at 31 December 2022);
- other guarantees granted by third parties in favor of associates, joint ventures and other equity investments for € 7,736 thousand (€ 9,993 thousand at 31 December 2022);
- other guarantees granted to third parties to replace security deposits required to activate utilities or to execute lease agreements, as well as for VAT refunds from Inland Revenue Agency, for a total amount of € 108,969 thousand (€ 109,193 thousand at 31 December 2022).

Guarantees arising from the Senior Secured Notes issue launched in 2021 and from the Super Senior Revolving loan agreement

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. 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.

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 Servizi Ospedalieri S.p.A..

The payment obligations connected to both the Bond Issue and the Super Senior Revolving (RCF) facility are backed by the following collateral provided:

- a first-degree pledge over the total shares of Rekeep S.p.A., paid by the controlling company MSC Società di Partecipazione tra Lavoratori S.p.A.;
- a pledge over the total shares of subsidiary Servizi Ospedalieri S.p.A.;
- an assignment, by way of security, involving receivables held by Rekeep S.p.A., arising from intercompany loans granted by it to some of its subsidiaries.

Rekeep S.p.A. has also provided, in favor of the subscribers of the Super Senior Revolving facility only, a special lien pursuant to Article 46 of Legislative Decree 385 of 1 September 1993 on some of the personal properties held by it.

The guarantees listed above may be called by the counterparties only in the case that one of the events of default envisaged in the abovementioned contracts occurs; up to the occurrence of the same, the assets covered by the guarantee are fully available to the Rekeep Group companies. No events of default had occurred as at 30 September 2023.

18. RISK MANAGEMENT

Financial risk management

Management of financial requirements and the relative risks (mainly interest rate and liquidity risk) is performed centrally by the Group's finance function on the basis of guidelines approved by the Parent Company's Board of Directors which are reviewed periodically. The main objective of these guidelines is to guarantee the presence of a liability structure that is balanced with the composition of the balance sheet assets, in order to maintain a high level of capital strength.

On 18 January 2021, Rekeep S.p.A. completed the issue at par of Senior Secured Notes for a total nominal amount of € 350 million, 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 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.. 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 other traditional financing instruments used by the Group Companies are made up of:

- short-term loans and revolving assignments of trade receivables without and with recourse, as well as reverse factoring, with the aim of funding working capital;
- very short-term credit lines used for contingent cash requirements;
- medium and long-term loans with long-term amortization plans to cover investments in non-current assets and in acquisitions of companies and business units.

The Group also uses trade payables deriving from operations as financial instruments. It is not Group policy to trade in financial instruments.

The Group's debt was € 491,329 thousand at 30 September 2023, up compared to 31 December 2022 (€ 449,776 thousand) and 31 December 2021 (€ 380,649 thousand) due to the gradual growth of the Group, as well as the structural and economic trends observed in the business in which it operates. As at 30 September 2023, the Directors considered that the Group's level of debt, as described in detail in note 12 above, was sustainable, taking account of the Group's expected results for the current and the subsequent financial periods, and the expected cash flows for the next 12 months, which were regarded as being sufficient to meet the Group’s obligations for the same time horizon, as well as of any possible future evaluation and action regarding debt management.

The Directors monitor current cash flows and the Parent Company and other Group companies’ ability to generate prospective cash flows on an ongoing basis in order to effectively and efficiently meet the commitments they have undertaken.

The Group’s financial instruments involve a classification at the three levels stated in IFRS 7. The fair value hierarchy has the following three levels:

- Level 1: prices quoted on active markets for similar liabilities and assets;
- Level 2: prices calculated through information obtained from observable market data;
- Level 3: prices calculated through information other than observable market data.

The table below shows the hierarchical levels for each class of financial asset measured at fair value on 30 September 2023 and 31 December 2022:

		Hierarchy Levels				Hierarchy Levels		
	30 September 2023	**Level 1**	**Level 2**	**Level 3**	**31 December 2022**	**Level 1**	**Level 2**	**Level 3**
Financial assets measured at fair value through profit or loss								
Financial assets, securities and other non-current financial assets	**1,101**	101		1,000	**1,101**	101		1,000
- of which securities	**1,101**	101		1,000	**1,101**	101		1,000
Available for sale financial assets								
Financial assets and other current financial assets	**0**				**0**			
- of which securities	**0**				**0**			
- of which hedging derivatives	**0**				**0**			
- of which non-hedging derivatives	**0**				**0**			
TOTAL FINANCIAL ASSETS	**1,101**	**101**		**1,000**	**1,101**	**101**		**1,000**

Any additional financial assets resulting from the Statement of Financial Position were not measured at fair value. The Group had no financial liabilities measured at fair value as at 30 September 2023 and 31 December 2022. During the financial year under consideration, there were no transfers from one fair value measurement level to another.

There were no changes in the destination of financial assets that entailed any being classified differently. The Group has no credit security instruments to mitigate credit risk. The carrying amount of the financial assets, therefore, represents its potential credit risk.

Capital management

The main objective of the Group's policy for the management of its capital is to ensure that a solid credit rating and sound capital ratios are maintained in order to support its activities and maximize shareholder value.

The Group manages and modifies capital structure according to changes in economic conditions. In order to maintain or adjust capital structure, the Group may change the amounts of shareholder dividends, repay capital or issue new shares.

The Group checks its indebtedness ratio comparing its net debt with the sum of its total assets and its net liabilities: interest-paying loans, trade payables, other payables and the employee termination indemnity, net of cash and cash equivalents.

	30 September 2023	31 December 2022
Employee termination indemnity	9,991	9,970
Interest-bearing financial loans	511,333	481,577
Trade payables and contract liabilities	408,258	480,808
Other current liabilities	174,242	169,667
Other current financial liabilities	57,278	59,459
Cash and cash equivalents	(60,433)	(84,243)
Other current financial assets	(16,849)	(7,017)
Net financial indebtedness	**1,083,820**	**1,110,221**
Equity attributable to the Group	66,439	66,862
Undistributed net result	330	(27,131)
Total capital	**66,769**	**39,731**
EQUITY AND NET DEBT	**1,150,589**	**1,149,952**
INDEBTEDNESS RATIO	**94.2%**	**96.5%**

The debt ratio at 30 September 2023 was equal to 94.2%, showing a decrease compared to the value at 31 December 2022, due to two effects: (i) a capital increase through the allocation of the profit achieved in 2022 to reserve; (ii) a decrease in net debt recorded during the first 9 months of 2023.

19. OPERATING SEGMENTS

The services provided by the Rekeep Group can be divided into two primary areas of business, which coincide with the Strategic Business Units (SBU) where business is channeled. The latter is not affected by significant seasonality factors. The SBUs identified coincide with the CGUs where the Group's activities are conducted. See note 7 for more details.

Facility Management SBU

The facility management Segment offers a collection of logistic and organizational support services targeted at users of properties and aimed to optimize the management of property-related activities.

The so-called ‘‘traditional’’ facility management services provided by the Rekeep Group include the following activities:

- cleaning;
- technical services;
- landscaping;
- energy management;
- healthcare logistics.

Cleaning activity includes cleaning and hygiene services, sanitation, disinfection, pest control and rat extermination, collection, transport and disposal of hospital waste and employs the highest number of Group employees.

The so-called “technical services” encompass the management, running and maintenance services of property-related systems (including heating and air conditioning systems, electrical systems, fire prevention and safety systems), including therein:

- design and implementation of redevelopment and adjustment work in line with the safety legislation;
- design and installation of devices for energy saving and for the reduction of emissions of polluting agents into the atmosphere.

Finally, a third type of activities attributable to the facility management service rendered by the Group is the so-called landscaping, i.e. a service for the maintenance of green spaces, which includes both the design and implementation and maintenance of properties’ green areas, and services for the area.

Again within the scope of the operation of properties, energy management activities are carried out, i.e. technical design, construction and operation of cogeneration plants and operation and maintenance of the same plants to provide customers with energy efficiency solutions.

Finally, healthcare logistics activities are developed, i.e., in-house and third-party logistics services for drugs and medical devices offered through an end-to-end management system.

The Group also expanded its range of services, providing certain specialist facility management services alongside its ‘‘traditional’’ facility Management services, through business combinations or by reorganizing specific business areas. In particular it operates in the sector of:

- mailing and document management services (Telepost S.r.l.);
- facility services in the field of applications, management and sourcing (Rekeep Digital S.r.l.);
- facility services in the field of infrastructure and transport (Rekeep Rail S.r.l.).

Finally, the internationalization process led to the start-up of facility operations in France (through the sub-group controlled by Rekeep France S.a.S. and other two subsidiaries), Turkey (through EOS) and in Saudi Arabia (through Rekeep Saudi Arabia Ltd): these companies mainly deliver cleaning services in the transport and healthcare sectors. In 2019 the acquisition of the Polish company Rekeep Polska S.A., the parent company controlling the group with the same name, served to expand and strengthen the market position in the field of facility management in the healthcare sector, particularly cleaning and disinfection of healthcare facilities, specialist hospital services of maintenance of medical areas and instruments, assistance to patients in bed arrangement, transport, medical operations and procedures, as well as catering services, i.e., preparation and distribution of meals to patients and operation of hospital canteens, and medical transportation services, i.e., ambulance hire and transport of people with disabilities.

Laundering & Sterilization SBU

Laundering/sterilization is an industrial activity given in support of public and private healthcare facilities. In Italy, the Rekeep Group operates in this sector in particular through Servizi Ospedalieri S.p.A. and its subsidiaries, which provide the following services:

- collection and distribution of linen in the individual departments;
- management of the linen rooms in the health care facilities;
- supply of disposable items and kits;
- rental of linen with special materials for operating rooms;
- acceptance, treatment, sterilization and redelivery of surgical instruments;
- rental of surgical instruments;
- creation and management of sterilization systems.

The results of operations by segment for the periods ended 30 September 2023 and 30 September 2022:

	Facility Management	Laundering & Sterilization	Eliminations	Total
Segment Revenues	769,314	113,766	(12,884)	870,197
Segment costs	(726,860)	(108,206)	12,884	(822,182)
Operating income (loss) by segment	**42,454**	**5,560**	**0**	**48,014**
Share of net profit of associates	(120)	222		102
Net financial income (charges)				(37,705)
Profit before tax				**10,412**
Income taxes				(9,997)
NET RESULT FOR THE PERIOD ENDED 30 SEPTEMBER 2023				**415**

	Facility Management	Laundering & Sterilization	Eliminations	Total
Segment Revenues	845,058	106,696	(5,331)	946,423
Segment costs	(797,463)	(101,927)	5,331	(894,059)
Operating income (loss) by segment	**47,595**	**4,769**	**0**	**52,364**
Share of net profit of associates	526	164		690
Net financial income (charges)				(26,608)
Profit before tax				**26,446**
Income taxes				(6,723)
NET RESULT FOR THE PERIOD ENDED 30 SEPTEMBER 2022				**19,723**

Below are reported the data related to assets and liabilities by operating segments of the Group at 30 September 2023 and 31 December 2022:

	Facility Management	Laundering & Sterilization	Eliminations	Total
Assets allocated to the segment	626,007	154,870	(10,316)	770,560
Goodwill	389,150	16,183		405,334
Investments	14,770	4,543		19,313
Other assets not allocated and related taxes				109,122
SEGMENT ASSETS AT 30 SEPTEMBER 2023	**1,029,927**	**175,596**	**(10,316)**	**1,304,329**
Liabilities allocated to the segment	589,025	66,270	(10,316)	644,978
Other liabilities not allocated and related taxes				586,378
SEGMENT LIABILITIES AT 30 SEPTEMBER 2023	**589,025**	**66,270**	**(10,316)**	**1,231,356**

	Facility Management	Laundering & Sterilization	Eliminations	Total
Assets allocated to the segment	634,684	147,886	(7,882)	774,688
Goodwill	388,752	16,183		404,935
Investments	11,797	4,321		16,118

	Facility Management	Laundering & Sterilization	Eliminations	Total
Other assets not allocated and related taxes				145,203
SEGMENT ASSETS AT 31 DECEMBER 2022	**1,035,233**	**168,391**	**(7,882)**	**1,340,945**
Liabilities allocated to the segment	649,059	67,943	(7,882)	709,120
Other liabilities not allocated and related taxes				558,867
SEGMENT LIABILITIES AT 31 DECEMBER 2022	**649,059**	**67,943**	**(7,882)**	**1,267,987**

20. RELATED-PARTY TRANSACTIONS

Related party transactions were performed under normal market conditions, i.e. in line with conditions that would be applied between aware and independent parties. Market prices are applied to both commercial and financial transactions.

Non-interest bearing loans are only disbursed in the case of pro-quota financing granted by syndicated shareholders to consortium companies. These loans were, however, discounted in the financial statements of the Parent Company Rekeep S.p.A..

The Parent Company has some sub-lease agreements in place with its parent company MSC Società di Partecipazione tra Lavoratori S.p.A..

Finally, in certain cases the Parent Company provides and performs technical services and works for individuals who hold top management positions within the Group, according to contracts entered into at arm's length. No balances against these services were recognized at 30 September 2023 (unchanged compared to 31 December 2022).

The main contracts in place with other Rekeep Group companies, controlled by MSC Società di Partecipazione tra Lavoratori S.p.A., with the latter and its subsidiaries, are shown below:

- MSC S.p.A. sub-leased to Rekeep S.p.A. the part of the property located in Mestre (VE), via Porto di Cavergnago no. 6, for office use. The lease has a term of six years and is tacitly renewable. Annual rent is expected to be € 325 thousand, to be paid in 12 monthly installments.
- Rekeep S.p.A. signed agreements with MSC and the other Group companies for the provision of tax consultancy services.

The breakdown of the balances relating to the transactions carried out by the Group's Companies with related parties is provided in Annex III attached to the Interim Report on Operations.

The Rekeep Group is subject to the management and coordination activities of MSC Società di Partecipazione tra Lavoratori S.p.A..

Zola Predosa, 15 November 2023

The Chairman and CEO

Giuliano Di Bernardo

ANNEX I

GROUP COMPANIES

PARENT COMPANY

	Currency	Registered Office	City
Rekeep S.p.A.	Euro	Via Ubaldo Poli no. 4	Zola Predosa (BO)

SUBSIDIARIES CONSOLIDATED ON A LINE-BY-LINE BASIS

Name	Registered Office	City	% Held	Currency
Bologna Strade Soc. Cons. a r.l.	Via Ubaldo Poli no. 4	Zola Predosa (BO)	54.37%	Euro
Catermed Sp. z o.o.	ul. Traktorowa no. 126/201, 91-204	Lodz (Poland)	100%	PLN
Cefalù Energia S.r.l.	Via Ubaldo Poli no. 4	Zola Predosa (BO)	100%	Euro
Consorzio Stabile CMF	Via Bolzano no. 59	Trento (TN)	97.74%	Euro
DUC Gestione Sede Unica Soc.cons.r.l.	Via Ubaldo Poli no. 4	Zola Predosa (BO)	71%	Euro
EOS Hijyen Tesis Hizmetleri Saglik Insaat Servis Muhendislik A.S.	Üniversiteler Mahallesi, Bilkent Plaza, A3 Blok, no. 4	Çankaya/ Ankara	51%	TRY
Ferraria Soc. cons. a r.l.	Via Ubaldo Poli no. 4	Zola Predosa (BO)	69%	Euro
H2H Facility Solutions S.p.A.	Via Ubaldo Poli no. 4	Zola Predosa (BO)	100%	Euro
H2H Cleaning S.r.l.	Via Ubaldo Poli no. 4	Zola Predosa (BO)	100%	Euro
ISOM Lavori Soc.Cons. a r.l.	Via Ubaldo Poli no. 4	Zola Predosa (BO)	62.71%	Euro
ISOM Gestione Soc.Cons. a r.l.	Via Ubaldo Poli no. 4	Zola Predosa (BO)	52.97%	Euro
IZAN+ sp. z o.o.	ul. Żabiniec no. 46, 31-215	Krakow (Poland)	100%	PLN
JOL-MARK sp. z o.o.	ul. Portowa no. 16G, 44-100	Gliwice (Poland)	100%	PLN
KANARIND Soc.Cons. a r.l.	Via Ubaldo Poli no. 4	Zola Predosa (BO)	62.43%	Euro
Kolumna Transportu Sanitarnego Triomed sp. z o.o.	ul. Północna no. 22, 20-064	Lublin (Poland)	100%	PLN
Infrastrutture Lombardia Servizi Soc.Cons. a r.l.	Via Ubaldo Poli no. 4	Zola Predosa (BO)	60%	Euro
Medical Device S.r.l.	Via della Tecnica no.52	Montevarchi (AR)	60%	Euro
Naprzód Catering sp. z o.o.	ul. Stefana Banacha 1A, 02-097	Warsaw (Poland)	100%	PLN

Name	Registered Office	City	% Held	Currency
Naprzód Hospital sp. z o.o.	ul. Traktorowa 126/301, 91-204	Lodz (Poland)	100%	PLN
Naprzód Inwestycje sp. z o.o.	ul. Traktorowa 126/301, 91-204	Lodz (Poland)	100%	PLN
Naprzód Marketing sp. z o.o.	ul. Traktorowa 126/301, 91-204	Lodz (Poland)	100%	PLN
Naprzód Service sp. z o.o.	ul. Traktorowa n. 126/202, 91-204	Lodz (Poland)	100%	PLN
Progetto Sintesi Soc. Cons. a r.l.	Via Ubaldo Poli no. 4	Zola Predosa (BO)	60%	Euro
Rekeep Digital S.r.l.	Via Ubaldo Poli no. 4	Zola Predosa (BO)	100%	Euro
Rekeep Facility S.a.s.	52, Boulevard de Sebastopol	Paris	100%	Euro
Rekeep Facilities Management LLC	Rasis Business Centre, Makani No, 18353 78040 Al Barsha First	Dubai (United Arab Emirates)	100%	AED
Rekeep FM sp. z o.o.	ul. Traktorowa 126/201, 91-204	Lodz (Poland)	100%	PLN
Rekeep France S.a.s.	52, Boulevard de Sebastopol	Paris	93.07%	Euro
Rekeep Mobilites S.a.s.	11 bis Rue de Moscou	Paris	100%	Euro
Rekeep Santè S.a.s.	11 bis Rue de Moscou	Paris	100%	Euro
Rekeep Polska S.A.	ul. Traktorowa 126/301, 91-204	Lodz (Poland)	80%	PLN
Rekeep Rail S.r.l.	Via Ubaldo Poli no. 4	Zola Predosa (BO)	100%	Euro
Rekeep Saudi Arabia Ltd	P.O Box 230888, K.S.A., 28th floor, Kingdom Tower	Riyadh (Saudi Arabia)	100%	SAR
Rekeep Superfood sp. z o.o.	91-204 Lodz, ul. Traktorowa 126	Krakow, Poland	100%	PLN
Rekeep Transport S.a.s.	4 place Louis Armand-Tour de l'Horloge	Paris	100%	Euro
Rekeep World S.r.l.	Via Ubaldo Poli no. 4	Zola Predosa (BO)	100%	Euro
S.AN.GE S.c.a.r.l.	Viale Sarca 336 – Strada Privata Breda – Edificio 12	Milan	100%	Euro
San Gerardo Servizi Soc. Cons. a r.l.	Via Ubaldo Poli no. 4	Zola Predosa (BO)	60%	Euro
Servizi Brindisi Soc. Cons. a r.l.	Via Ubaldo Poli no. 4	Zola Predosa (BO)	52%	Euro
Servizi Ospedalieri S.p.A.	Via Calvino no. 33	Ferrara	100%	Euro
Servizi Sanitari Sicilia Soc. Cons. a r.l.	Via Calvino no. 33	Ferrara	70%	Euro
Telepost S.r.l.	Via Ubaldo Poli no. 4	Zola Predosa (BO)	100%	Euro
Treviso GS4 Soc. Cons. a r.l.	Via Ubaldo Poli no. 4	Zola Predosa (BO)	50.10%	Euro
U.Jet Romania Private Limited Company	str. Garii no. 10	Sighetu Marmatiei, Romania	100%	RON
U.Jet S.r.l.	Via San Francescuccio dè Mietitori no. 32	Bastia Umbra (PG)	60%	Euro

JOINT VENTURES ACCOUNTED FOR UNDER THE EQUITY METHOD

Name	Registered Office	City	% Held	Currency
AMG S.r.l.	SS Laghi di Avigliana no. 48/a	frazione Roata Raffo Busca (CN)	50%	Euro
CO. & MA. Soc. Cons. a r.l. in liquidation	Via del Parco no. 16	Tremestieri Etneo (CT)	50%	Euro
Legnago 2001 Soc.cons.r.l. in liquidation	Via Ubaldo Poli no. 4	Zola Predosa (BO)	50%	Euro

ASSOCIATES AND OTHER COMPANIES ACCOUNTED FOR UNDER THE EQUITY METHOD

Name	Registered Office	City	% Held	Currency
2High S.r.l.	Via Farini no. 6	Bologna	20.09%	Euro
Alisei S.r.l. in liquidation	Via Cesari no. 68/1	Modena	100%	Euro
ARIENES Soc. Cons. a r.l.	Via Nubi di Magellano no. 30	Reggio Emilia	35%	Euro
BGP2 Soc. Cons. r.l.	Via Giovanni Papini no. 18	Bologna	41.17%	Euro
Bologna Global Strade Soc. Cons. r.l. in liquidation	Via Zanardi no. 372	Bologna	59.65%	Euro
Centro Europa Ricerche S.r.l.	Via G. Zanardelli no. 34	Rome	21.38%	Euro
CO.GE.F. Soc. Cons. a r.l. in liquidation	Via Ubaldo Poli no. 4	Zola Predosa (BO)	80%	Euro
Consorzio Igiene Ospedaliera Soc. Cons. a r.l. in liquidation	Via Ubaldo Poli no. 4	Zola Predosa (BO)	66.66%	Euro
Consorzio Servizi Toscana Soc. Cons. a r.l in liquidation	Via Ubaldo Poli no. 4	Zola Predosa (BO)	60%	Euro
Consorzio Sermagest Soc. Cons. a r.l. in liquidation	Via Filippo Corridoni no. 23	Rome	60%	Euro
Fondazione Ricerca, Scienze Neurologiche Azienda USL di Bologna	Via Altura no. 3	Bologna	21.08%	Euro
Gestione Servizi Taranto Soc. Cons.a r.l.	Via Ubaldo Poli no. 4	Zola Predosa (BO)	47%	Euro
Gestione Strade Soc. Cons.a r.l.	Strada Manara no. 64/B	Parma	25%	Euro
Global Oltremare Soc. Cons. r.l. in liquidation	Via Ubaldo Poli no. 4	Zola Predosa (BO)	60%	Euro
Global Vicenza Soc. Cons. a r.l.	Via Grandi no. 39	Concordia Sulla Secchia (MO)	41.25%	Euro
Gymnasium Soc. Cons. r.l. in liquidation	Via Ubaldo Poli no. 4	Zola Predosa (BO)	68%	Euro
GR.A.AL. Soc. Cons. a. r.l.	Via Guelfa no. 76	Bologna	29.926%	Euro
Imola Verde e Sostenibile Soc. Cons. a r.l.	Via S. Allende no. 39	Bologna	30%	Euro
Iniziative Produttive Piemontesi S.r.l.	Corso Einaudi no. 18	Turin	24.75%	Euro

Name	Registered Office	City	% Held	Currency
Logistica Ospedaliera Soc. Cons. a r.l	Via C. Alberto Dalla Chiesa no. 23/I	Caltanissetta (CL)	45%	Euro
Logistica Sud Est Soc.Cons. a r.l. in liquidation	Via Ubaldo Poli no. 4	Zola Predosa (BO)	60%	Euro
Manutencoop International Services LLC in liquidation	Qatar Tower, building 35, street 920, zone 63	Doha (Qatar)	49%	QAR
MCF servizi Integrati Soc. Cons. a r.l. in liquidation	Via Ubaldo Poli no. 4	Zola Predosa (BO)	60%	Euro
MSE Soc. Cons. a r.l. in liquidation	Via Ubaldo Poli no. 4	Zola Predosa (BO)	56%	Euro
Newco Duc Bologna S.p.A.	Via M.E. Lepido no. 182/2	Bologna	44.81%	Euro
Palmanova Servizi Energetici Soc. Cons. a r.l. in liquidation	Via Ubaldo Poli no. 4	Zola Predosa (BO)	60%	Euro
Rekeep Arabia for Operations and Maintenance Ltd in liquidation	P.O Box 230888, Riyadh, 11321, K.S.A., 28th floor, Kingdom tower	Riyadh (Saudi Arabia)	100%	SAR
Roma Multiservizi S.p.A.	Via Tiburtina no. 1072	Rome	45.47%	Euro
S.AN.CO S.c.a.r.l. in liquidation	Via Aurelio Saffi no. 51	Bologna	100%	Euro
San Martino 2000 Soc. Cons. a r.l.	Via al Molo Vecchio	Calata Gadda (GE)	40%	Euro
S.E.I. Energia Soc. Cons. a r.l.	Via Emilia no. 65	Palermo (PA)	49%	Euro
Servizi Napoli 5 Soc. Cons. a r.l.	Via Ubaldo Poli no. 4	Zola Predosa (BO)	45%	Euro
Steril Piemonte S.r.l.	Corso Einaudi no. 18	Turin	25%	Euro
Toscana Energia Nord Ovest (T.E.N.O.V.) S.r.l.	Via dei Colatori no.12	Sesto Fiorentino (FI)	45%	Euro
Yougenio S.r.l. in liquidation	Via Ubaldo Poli no. 4	Zola Predosa (BO)	100%	Euro

ANNEX II

EQUITY-ACCOUNTED INVESTMENTS

	%	Net assets 31 December 2022	Changes in the period					Net assets 30 September 2023	Book value	Provision for risks
			Financial effects	Dividends	Revaluations / Write-downs	Provision for risks	Effects on shareholders' equity			
2HIGH S.r.l.	20.09%	90						90	90	
Alisei S.r.l. in liquidation	100%	(118)						(118)	0	(118)
A.M.G. S.r.l.	50%	2,371			206			2,577	2,577	
ARIENES Soc. Cons. a r.l.	35%	18						18	18	
BGP 2 Soc. Cons. a r.l.	41.47%	62						62	62	
Bologna Global Strade Soc. Cons. a. r.l. in liquidation	59.65%	60						60	60	
Centro Europa Ricerche S.r.l.	21.38%	66			(2)			64	64	
Consorzio Igiene Ospedaliera Soc. Cons. a r.l. in liquidation	66.66%	0	7					7	7	
CO.GE.F. Soc. Cons. a r.l. in liquidation	80%	0	6					6	6	
Co. & Ma. Soc. Cons.r.l. in liquidation	50%	5						5	5	
Consorzio Sermagest in liquidation	60%	0						0	0	
Consorzio Servizi Toscana a r.l.	60%	6						6	6	
DUC Gestioni Soc.Cons. a r.l.	49%	10	(10)					0	0	
Fondazione Ricerca, Scienze Neurologiche Azienda USL di Bologna	21.08%	35						35	35	
Gestione Servizi Taranto Soc. Cons. r.l.	47%	9						9	9	
Gestione Strade Soc. Cons. a r.l.	25%	13						13	13	
Global Oltremare Soc. Cons. a r.l. in liquidation	60%	6						6	6	
Global Vicenza Soc.Cons. a r.l.	41.25%	4						4	4	
GR.A.AL Soc. Cons. a r.l.	29.93%	3						3	3	
Gymnasium soc. Cons. a r.l. in liquidation	68%	7						7	7	
Imola Verde e Sostenibile Soc. Cons. a r.l. (IVES)	30%	6						6	6	
IPP S.r.l.	24.75%	510			15			525	525	

	%	Net assets 31 December 2022	Changes in the period					Net assets 30 September 2023	Book value	Provision for risks
			Financial effects	Dividends	Revaluations / Write-downs	Provision for risks	Effects on shareholders' equity			
Legnago 2001 Soc. Cons. a r.l. in liquidation	50%	5						5	5	
Logistica Ospedaliera Soc. Cons. a r.l	45.00%	5						5	5	
Logistica Sud-Est Soc. Cons. a r.l. in liquidation	60%	0	6					6	6	
Manutencoop International Services LLC	49.00%	(128)					(8)	(136)	0	(136)
MCF Servizi integrati Soc. Cons. a r. l. in liquidation	60.00%	6						6	6	
MSE Soc. Cons. a r.l. in liquidation	56.00%	6						6	6	
Newco DUC Bologna S.p.A.	44.81%	3,001	2,402		522		216	6,141	6,141	
Palmanova Servizi Energetici Soc. Cons. a r.l. in liquidation	60%	6						6	6	
Rekeep Arabia for Operations and Maintenance Ltd in liquidation	100%	0						0	0	
ROMA Multiservizi S.p.A.	45.47%	2,801		0	(625)		7	2,183	2,183	
S.AN.CO S.c.a.r.l. in liquidation	100%	0	(308)					(308)	0	(308)
San Martino 2000 Soc.Cons. a r.l.	40%	4						4	4	
S.E.I. Energia Soc. Cons. a r.l.	49.00%	5						5	5	
Servizi Napoli 5 Soc. Cons. a r.l.	45%	5						5	5	
Servizi Sportivi Brindisi Soc. Cons. a r.l. in liquidation	50%	5	(5)					0	0	
Steril Piemonte S.r.l.	25%	994			2			995	995	
Toscana Energia Nord Ovest (T.E.N.O.V.) S.r.l.	45%	0	450					450	450	
Yougenio S.r.l. in liquidation	100.00%	(169)	15		(15)			(169)	0	(169)
NET BOOK VALUE		**9,707**	**2,562**	**0**	**102**	**0**	**215**	**12,586**	**13,318**	**(731)**

ANNEX III

RELATED-PARTY TRANSACTIONS

PARENT COMPANIES

		Revenues	Costs	Financial income	Financial charges		Trade receivables	Financial receivables and others	Trade payables	Financial payables and others
MSC S.p.A.	30-Sept-22	134	14,542	118	451	31-Dec-22	477	8,232	1,312	11,100
	30-Sept-23	35	2,123		366	30-Sept-23	45	9,653	1,403	10,856

ASSOCIATES AND JOINT-VENTURES

		Revenues	Costs	Financial income	Financial charges		Trade receivables	Financial receivables and others	Trade payables	Financial payables and others
2HIGH S.r.l.	30-Sept-22		228			31-Dec-22			176	
	30-Sept-23	3	135	1		30-Sept-23	2	1	63	
Alisei s.r.l. in liquidation	30-Sept-22					31-Dec-22	3			1
	30-Sept-23					30-Sept-23	3			1
AMG S.r.l.	30-Sept-22		348			31-Dec-22			722	
	30-Sept-23		657			30-Sept-23			794	
ARIENES Soc. Cons. a r.l.	30-Sept-22	15,447	12,938			31-Dec-22	21,678		20,528	
	30-Sept-23	13,131	13,177			30-Sept-23	19,912		17,674	
Bologna Gestione Patrimonio 2 Soc.Cons. a r.l.	30-Sept-22		362			31-Dec-22	18	25	785	
	30-Sept-23		201			30-Sept-23	18	25	621	
Bologna Global Strade Soc. Cons. a r.l. in liquidation	30-Sept-22	38				31-Dec-22	39	383	(159)	
	30-Sept-23	14				30-Sept-23			(159)	
Centro Europa Ricerche S.r.l.	30-Sept-22					31-Dec-22				
	30-Sept-23					30-Sept-23				
CO.GE.F. Soc. Cons. a r.l. in liquidation	30-Sept-22					31-Dec-22				
	30-Sept-23					30-Sept-23	1,081		692	
Consorzio Igiene Ospedaliera Soc. Cons. a r.l. in liquidation	30-Sept-22					31-Dec-22				
	30-Sept-23		(2)			30-Sept-23			51	

		Revenues	Costs	Financial income	Financial charges		Trade receivables	Financial receivables and others	Trade payables	Financial payables and others
Consorzio Sermagest Soc.Cons.a r.l in liquidation	30-Sept-22					31-Dec-22				
	30-Sept-23					30-Sept-23				
Consorzio Servizi Toscana Soc.Cons.a r.l in liquidation	30-Sept-22					31-Dec-22	282		177	
	30-Sept-23					30-Sept-23	282		177	
CO.& MA. Soc. Cons. a r.l	30-Sept-22		(121)			31-Dec-22		20	676	
	30-Sept-23					30-Sept-23		20		
DUC Gestione Sede Unica Soc. Cons. a r.l.	30-Sept-22	5,947	3,080			31-Dec-22	7,085		3,673	
	30-Sept-23	4,619	1,876			30-Sept-23				
Fondazione Ricerca, Scienze Neurologiche Azienda USL di Bologna	30-Sept-22					31-Dec-22				
	30-Sept-23					30-Sept-23				
Gestione Servizi Taranto Soc.Cons.a r.l.	30-Sept-22	3,970	3,577			31-Dec-22	6,975	42	5,658	
	30-Sept-23	3,234	2,693	60		30-Sept-23	8,653	44	5,982	
Gestione Strade soc.cons.r.l.	30-Sept-22	104	974			31-Dec-22	122	63	800	
	30-Sept-23	51	873			30-Sept-23	58	63	809	
Global Oltremare Soc.Cons.a r.l in liquidation	30-Sept-22		6			31-Dec-22			99	
	30-Sept-23		4			30-Sept-23			104	
Global Provincia di RN Soc.Cons.a r.l. in liquidation	30-Sept-22					31-Dec-22		70		
	30-Sept-23					30-Sept-23				
Global Vicenza Soc.Cons. a r.l.	30-Sept-22					31-Dec-22		10	17	
	30-Sept-23					30-Sept-23		10	17	
GR.A.AL. Soc. Cons. a. r.l.	30-Sept-22					31-Dec-22				
	30-Sept-23					30-Sept-23	18			
Gymnasium Soc. cons. a r.l in liquidation	30-Sept-22					31-Dec-22	1	8	33	
	30-Sept-23					30-Sept-23	1	8	33	
Imola Verde e Sostenibile Soc. Cons. a r.l. (IVES)	30-Sept-22	226	22			31-Dec-22	211		198	
	30-Sept-23	163	158			30-Sept-23	164		136	
IPP S.r.l.	30-Sept-22	4	269			31-Dec-22	16	35	305	
	30-Sept-23		165	1		30-Sept-23		36	428	
Legnago 2001 Soc. Cons. r.l. in liquidation	30-Sept-22		3			31-Dec-22	158		71	
	30-Sept-23		2			30-Sept-23	158		80	
Logistica Ospedaliera Soc. Cons. a r.l.	30-Sept-22		2			31-Dec-22			20	
	30-Sept-23		1			30-Sept-23			15	
Logistica Sud-Est Soc. Cons. a r.l. in liquidation	30-Sept-22					31-Dec-22				
	30-Sept-23					30-Sept-23	37		28	
Manutencoop International	30-Sept-22					31-Dec-22				

		Revenues	Costs	Financial income	Financial charges		Trade receivables	Financial receivables and others	Trade payables	Financial payables and others
Services LLC in liquidation	30-Sept-23					30-Sept-23				
MCF Servizi integarti Soc. cons. a r.l. in liquidation	30-Sept-22					31-Dec-22	365		5	
	30-Sept-23					30-Sept-23	365		5	
MSE Soc. cons. a r.l. in liquidation	30-Sept-22					31-Dec-22				
	30-Sept-23					30-Sept-23				
Newco DUC Bologna S.p.A	30-Sept-22					31-Dec-22			58	
	30-Sept-23	42	5			30-Sept-23	5,396	6	163	
Palmanova Servizi Energetici Soc. Cons. a r.l. in liquidation	30-Sept-22		4			31-Dec-22	75		5	
	30-Sept-23		3			30-Sept-23	75		8	
Rekeep Arabia for Operations and Maintenance Ltd in liquidation	30-Sept-22					31-Dec-22				
	30-Sept-23					30-Sept-23				
Roma Multiservizi S.p.A.	30-Sept-22	386	101			31-Dec-22	361		312	
	30-Sept-23	386	219			30-Sept-23	716		391	
SA.N.CO. Soc. Cons. a r.l. in liquidation	30-Sept-22					31-Dec-22				
	30-Sept-23					30-Sept-23	80	861		627
San Martino 2000 Soc.Cons. r.l.	30-Sept-22	1,229	1,710			31-Dec-22	561		1,609	
	30-Sept-23	1,057	1,656			30-Sept-23	415		897	
S.E.I. Energia Soc. Cons. a r.l.	30-Sept-22	36	5,371	17		31-Dec-22	184	880	5,395	
	30-Sept-23	43	4,160	35		30-Sept-23	145	915	4,477	
Servizi Napoli 5 Soc.Cons. a r.l.	30-Sept-22	836	777			31-Dec-22	3,439		2,038	
	30-Sept-23					30-Sept-23	3,439		2,038	
Steril Piemonte S.r.l.	30-Sept-22					31-Dec-22	7		104	
	30-Sept-23					30-Sept-23			104	
Toscana Energia Nord Ovest (T.E.N.O.V.) S.r.l.	30-Sept-22					31-Dec-22				
	30-Sept-23	520				30-Sept-23	807	1	936	315
Yougenio S.r.l. in liquidation	30-Sept-22	15		77		31-Dec-22	1		4	40
	30-Sept-23	16	(2)	161		30-Sept-23	16		2	40

SUBSIDIARIES OF MSC S.P.A.

		Revenues	Costs	Financial income	Financial charges		Trade receivables	Financial receivables and others	Trade payables	Financial payables and others
Cerpac S.r.l. in liquidation	30-Sept-22					31-Dec-22	1			
	30-Sept-23					30-Sept-23	1			

		Revenues	Costs	Financial income	Financial charges		Trade receivables	Financial receivables and others	Trade payables	Financial payables and others
Holmo S.p.A.	30-Sept-22					31-Dec-22				
	30-Sept-23					30-Sept-23				
Nugareto Società Agricola Vinicola S.r.l.	30-Sept-22					31-Dec-22	1	6	72	
	30-Sept-23					30-Sept-23	1	6	72	
Sacoa S.r.l.	30-Sept-22	40	338			31-Dec-22	25		663	
	30-Sept-23		3			30-Sept-23			1	160
Sacoa Servizi Telematici S.r.l.	30-Sept-22		14			31-Dec-22			15	
	30-Sept-23		13			30-Sept-23			20	
Segesta servizi per l'Ambiente S.r.l.	30-Sept-22	4				31-Dec-22	2	1		
	30-Sept-23	4				30-Sept-23	2	1		

ASSOCIATES OF MSC S.P.A. OR OTHER RELATED PARTIES

		Revenues	Costs	Financial income	Financial charges		Trade receivables	Financial receivables and others	Trade payables	Financial payables and others
Consorzio Karabak Soc. Cooperativa	30-Jun-22	46				31-Dec-22	21		1	
	30-Jun-23	60				30-Jun-23	16			
Consorzio Karabak Due Società Cooperativa	30-Jun-22	3				31-Dec-22	1			
	30-Jun-23	13				30-Jun-23	12			
Consorzio Karabak Quattro Società Cooperativa	30-Jun-22					31-Dec-22			1	
	30-Jun-23					30-Jun-23			1	
Consorzio Karabak Cinque Società Cooperativa	30-Jun-22					31-Dec-22				
	30-Jun-23					30-Jun-23				
Consorzio Karabak Sei Società Cooperativa	30-Jun-22					31-Dec-22				
	30-Jun-23					30-Jun-23				

		Revenues	Costs	Financial income	Financial charges		Trade receivables	Financial receivables and others	Trade payables	Financial payables and others
TOTAL	**30-Sept-22**	**28,465**	**44,795**	**212**	**451**	**31-Dec-22**	**42,109**	**9,775**	**45,373**	**11,141**
	30-Sept-23	**23,391**	**28,120**	**258**	**366**	**30-Sept-23**	**41,918**	**11,650**	**38,063**	**12,238**

ANNEX IV

STATEMENT OF RECONCILIATION OF THE RECLASSIFIED STATEMENT OF CASH FLOWS AND THE STATUTORY SCHEDULE ITEMS

	For the 9 months ended 30 September			
	2023		2022	
Cash and cash equivalents at the beginning of the period		**84,243**		**99,512**
Cash flow from current operations:		**48,478**		**50,226**
Profit before taxes	10,413		26,446	
Amortization, depreciation, write-downs (write-backs) of assets	30,766		29,593	
Accruals (reversals) of provisions	11,248		(1,285)	
Employee termination benefits provision	1,240		701	
Share of net profit of associates, net of dividends collected	(377)		(366)	
Financial charges (income) in the period	37,850		26,737	
Net interest received (paid) in the period	(40,295)		(26,289)	
Taxes paid in the period	(4,292)		(4,888)	
Reclassifications:				
Non-cash net financial charges accounted for under the Statement of Profit/Loss for the period	*1,925*		*(423)*	
Uses of provisions for risks and charges and payments of the employee termination indemnity:		**(7,874)**		**(3,441)**
Uses of employee terminations benefits	(1,332)		(1,409)	
Uses of provisions for risks and charges	(6,542)		(2,032)	
CHANGE IN NWOC:		**(80,941)**		**(59,100)**
Decrease (increase) in inventories	(1,091)		112	
Decrease (increase) in trade receivables	(5,715)		(112,340)	

	For the 9 months ended 30 September			
	2023		2022	
Changes in trade payables	(74,134)		53,129	
INDUSTRIAL AND FINANCIAL CAPEX:		**(15,784)**		**(48,732)**
(Purchase of intangible assets, net)	(3,155)		(2,674)	
(Purchase of property, plant and equipment)	(28,614)		(30,197)	
Sale of property, plant and equipment	1,980		1,057	
(Acquisition of investments, net)	(198)		(468)	
Decrease (increase) of financial assets	2,812		7,062	
Financial effects of business combinations	(1,975)		(11,296)	
Reclassifications:				
Net change in the balance of short-term financial assets	*13,533*		*(8,769)*	
Payables for acquisition of investments and business combinations	*(167)*		*(3,446)*	
CHANGE IN NET FINANCIAL LIABILITIES:		**17,743**		**42,196**
Change in lease debt	(2,768)		(2,517)	
Acquisition of non-current borrowings	60,000		0	
Repayment of non-current borrowings	(12,120)		(240)	
Proceeds from/(repayment of) short-term bank debt	13,655		9,776	
Other changes in financial debt	(30,731)		19,163	
Reclassifications:				
Non-cash net financial charges accounted for under the Statement of Profit/Loss for the year	*(1,925)*		*423*	
Net change in the balance of short-term financial assets	*(13,533)*		*8,769*	
Non-cash elements on net acquisitions of fixed assets	*4,998*		*4,254*	
Payables for acquisition of investments and business combinations	*167*		*3,446*	
Distribution of reserves and other changes in Equity	*0*		*(878)*	
OTHER CHANGES:		**14,568**		**(33,442)**
Decrease (increase) in other current assets	16,227		(27,914)	
Change in other current liabilities	5,393		1,578	
Dividends distributed	(48)		(918)	

	For the 9 months ended 30 September			
	2023		2022	
Acquisition/assignment of minority interests of subsidiaries	(801)		(51)	
Differences arising from translation of financial statements in foreign currency	(1,205)		(2,760)	
Reclassifications:				
Non-cash elements on net acquisitions of fixed assets	*(4,998)*		*(4,254)*	
Distribution of reserves and other changes in Equity	*0*		*878*	
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD		**60,433**		**47,218**

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