ANNUAL REPORT

at 31 december '23

rekeep

minds that work

Report on operation

at 31 december

'23

rekeep

minds that work

GENERAL INFORMATION

REGISTERED OFFICE

Via U. Poli, 4
40069 Zola Predosa (BO)

BOARD OF DIRECTORS

Appointed by the Shareholders' Meeting
of 14 March 2024

CHAIRMAN
Claudio Levorato

CHIEF EXECUTIVE OFFICER
Giuliano Di Bernardo

DIRECTORS
Stefano Donati
Paolo Leonardelli
Linda Faiola (independent director)
Francesco Silvestrini (independent director)
Matteo Tamburini (independent director)

BOARD OF STATUTORY AUDITORS

Appointed by the Shareholders' Meeting
of 28 April 2023

CHAIRMAN
Germano Camellini

STANDING AUDITORS
Marco Benni
Giacomo Ramenghi

ALTERNATE AUDITORS
Michele Colliva
Antonella Musiani

INDEPENDENT AUDITORS

EY S.p.A.

PREAMBLE

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

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

Furthermore, the Group started a major process of business development in international markets from the 2015 financial year, by establishing the sub-holding company Rekeep World S.r.l. and the start-up of facility operations in France (through the sub-group controlled by Rekeep France S.a.S.), Turkey (through EOS) and 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 leading market in Poland, strengthened the Group's market position in the field of facility management in the healthcare sector, as well as expanded the Group's range of services, including first of all catering operations.

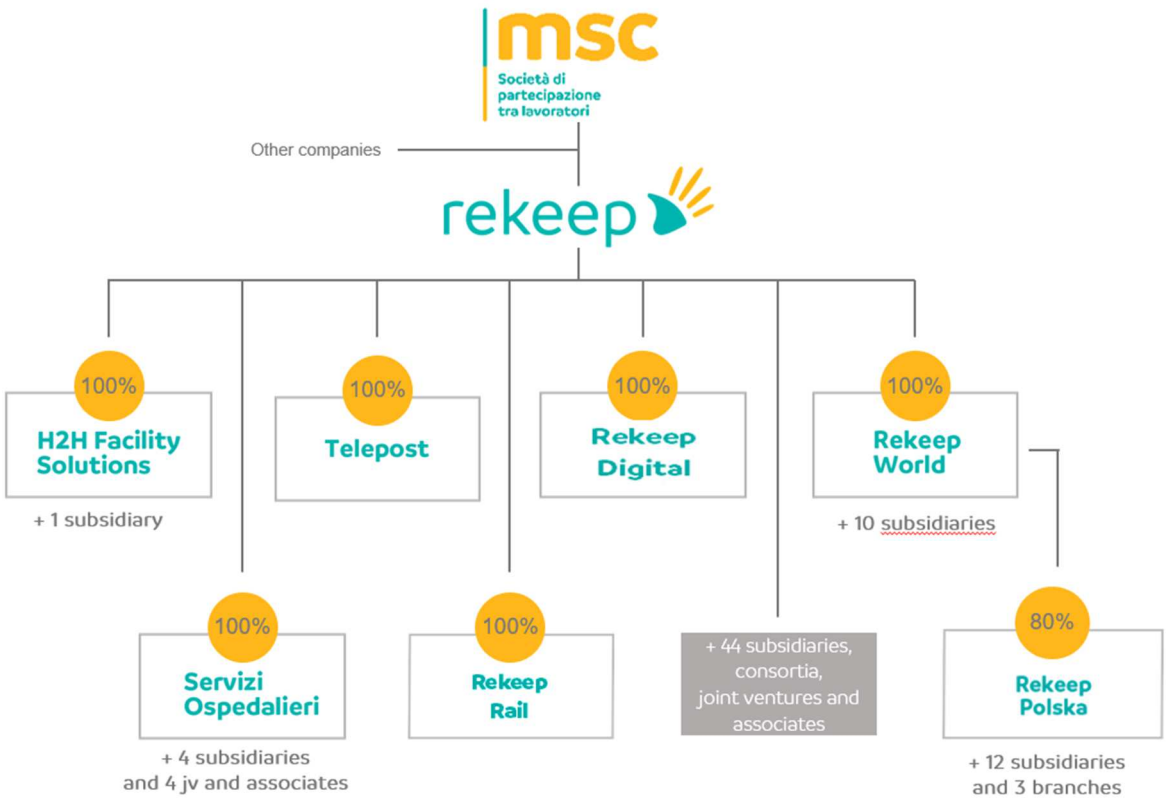
Shareholding structure

Ordinary shares issued by Rekeep S.p.A and fully paid up at 31 December 2023 amounted to 109,149,600 with a par value of Euro 1 each.

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

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

The structure of the Group controlled by MSC Società di Partecipazione tra Lavoratori S.p.A. at 31 December 2023 was the following:


msc
Società di partecipazione tra lavoratori
Other companies
rekeep
100%
H2H Facility Solutions
+ 1 subsidiary
100%
Telepost
100%
Rekeep Digital
100%
Rekeep World
+ 10 subsidiaries
100%
Servizi Ospedalieri
+ 4 subsidiaries and 4 jv and associates
100%
Rekeep Rail
+ 44 subsidiaries, consortia, joint ventures and associates
80%
Rekeep Polska
+ 12 subsidiaries and 3 branches

MACROECONOMIC AND MARKET SCENARIO

The year 2023 saw a weakening of the global economic scenario. Conditions of global economy still remain highly uncertain, dominated as it is by strong geopolitical tensions (Ukraine and the Middle East), for which a quick solution is not in sight, in addition to elements of attention on possible new fronts (China Sea, North Korea); furthermore, sustained levels of inflation and restrictive financial conditions still persist in the markets, where benchmark rates have remained unchanged, confirming the persistence of a general monetary policy stance of a restrictive nature, until inflation returns in line with targets.

However, crude oil and natural gas prices have remained subdued despite the tense situation that has recently arisen in the Red Sea and Gulf of Aden.

In the United States signs of slowing economy are emerging while in China growth remains below pre-pandemic levels, particularly due to the crisis in the real estate sector, exceeding the expected figure. The most recent OECD estimates forecast a global GDP slowdown to 2.9% in 2024, due to tight monetary policies and worsening consumer and business confidence, and high downside risks remain from international political tensions, particularly in the Middle East.

In Europe and the Eurozone, economy remains weak while a general process of declining inflation is underway, with, however, an increasing level of employment. The ECB believes that by keeping rates unchanged for a sufficiently long period of time, a return to inflation levels at around 2% can be expected. In the Eurozone, on the other hand, past rises in official rates continue to be passed on to the cost of financing for households and businesses; one and the other have, as a consequence, decreased demand for access to credit. Yields on 10-year government bonds have declined, and spreads between Italian Treasury Bonds BTPs and German Bunds have fallen.

In Italy, according to ISTAT (Italian Statistics Institute) estimates, calendar- and seasonally adjusted GDP increased by 0.7% in 2023 compared to 2022 while the deficit-to-GDP ratio stood at 7.2% in 2023 compared to 8.6% in 2022. Labor market conditions remain solid (employment increased and unemployment decreased), and the unemployment rate, at 6.4% in November, returned to its lowest level since the introduction of the Euro, and new hires in workforces increased. In 2023, on average, inflation fell to 5.9% from 8.7% in 2022, according to ISTAT, declining gradually over the course of the year and reaching 0.5% in December. Since October, price growth in Italy has been below average in the Eurozone.

On the forecast front, the International Monetary Fund has predicted global growth of 3.1% in 2024 and 3.2% in 2025. The International Monetary Fund has also reported that inflation is falling faster than expected in most regions. Overall global inflation is expected to fall to 5.8% in 2024 and 4.4% in 2025, with forecasts for 2025 revised downward.

In December, forecasts were published by the Bank of Italy for the Italian economy for the four-year period from 2023 to 2026. The forecast scenario assumes that the uncertainty in the international political environment will not lead to significant new tensions in commodity and financial markets; accordingly, it is assumed that international trade will return to expansion at rates

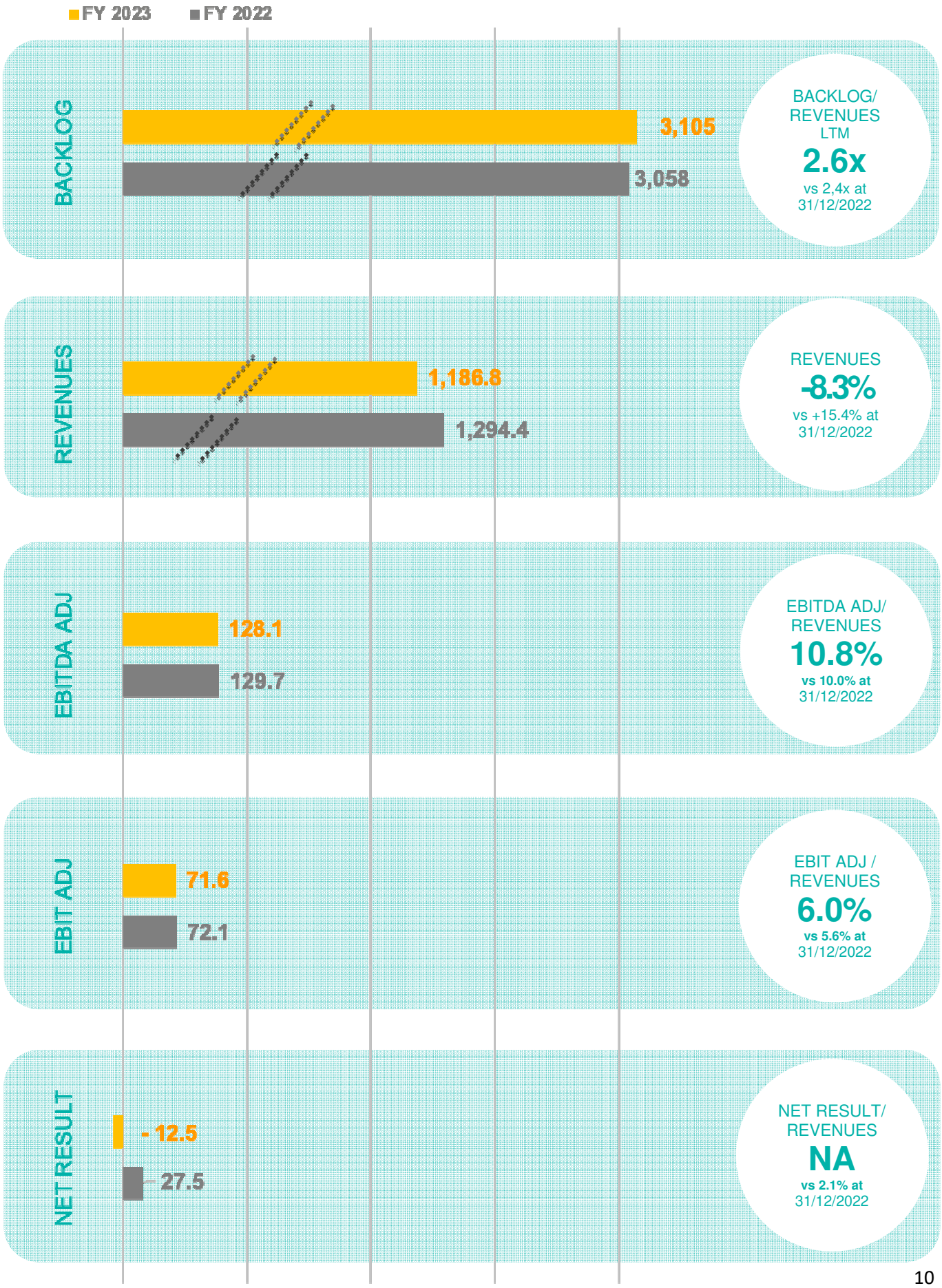
close to 3% over the next three years and that energy commodity prices will gradually decline. In contrast, the macroeconomic scenario is still affected by the tightening of monetary and credit conditions.

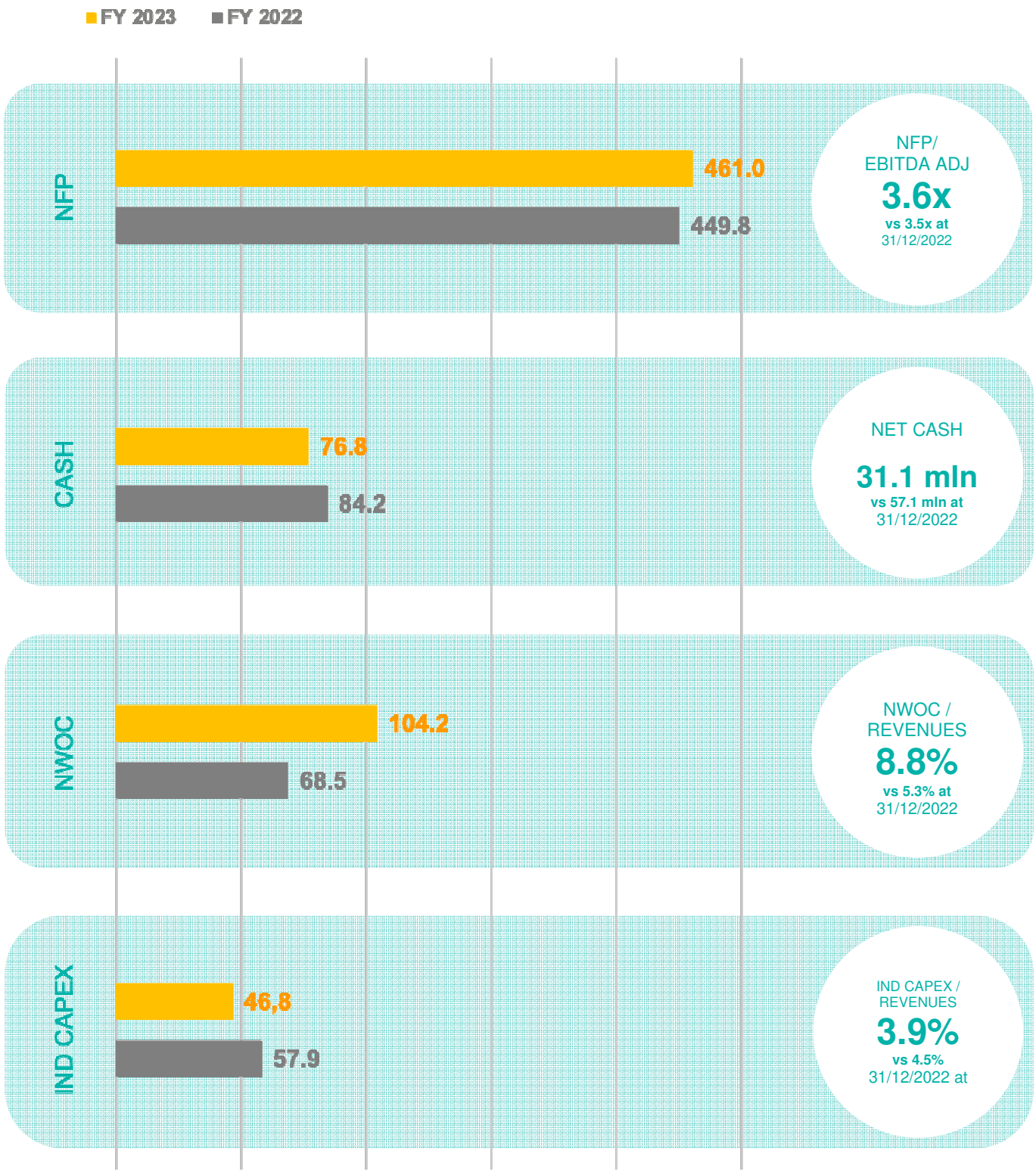
ALTERNATIVE PERFORMANCE INDICATORS (NON-GAAP FINANCIAL MEASURES)

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

	Dividend and income (loss) from sale of investments; iv) Share of net profit of associates; v) Profit (loss) on exchange rate. The Statement of Profit or Loss shows EBIT as "Operating Income".
EBITDA	EBITDA represents the Operating Income before allocations to the accrual of provisions for risks and amortization/depreciation, write-downs and write-backs of assets. EBITDA is a measure used by the 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" of this document.
LTM (Last Twelve Months)	LTM values relate to the economic values or financial flows identified in the last 12 months, or in the last 4 financial reporting years.
Net Cash	Net Cash is defined as the balance of "Cash and cash equivalents" net of: i) Bank overdrafts, advance payments and hot money; ii) Obligations arising from assignments of trade receivables with recourse.
Gross Debt	Gross Debt is defined as the sum of debts for principal referring to: i) Senior Secured Notes (face value); ii) Bank debts (face value); iii) Current bank overdraft, advance payments and hot money; iv) Obligations arising from assignments of trade receivables with recourse; v) Financial lease obligations; 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 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 of "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.
Financial indebtedness and Adjusted NWOC	Adjusted NWOC and Adjusted financial Indebtedness include the balance of the trade receivables assigned in the framework of the previous years' assignment without recourse programs and not yet collected by the factoring companies.


FY 2023
FY 2022
BACKLOG
3,105
3,058
BACKLOG/ REVENUES LTM
2.6x
vs 2,4x at 31/12/2022
REVENUES
1,186.8
1,294.4
REVENUES
-8.3%
vs +15.4% at 31/12/2022
EBITDA ADJ
128.1
129.7
EBITDA ADJ/ REVENUES
10.8%
vs 10.0% at 31/12/2022
EBIT ADJ
71.6
72.1
EBIT ADJ / REVENUES
6.0%
vs 5.6% at 31/12/2022
NET RESULT
- 12.5
27.5
NET RESULT/ REVENUES
NA
vs 2.1% at 31/12/2022


FY 2023
FY 2022
NFP
461.0
449.8
NFP/ EBITDA ADJ
3.6x
vs 3.5x at 31/12/2022
CASH
76.8
84.2
NET CASH
31.1 mln
vs 57.1 mln at 31/12/2022
NWOC
104.2
68.5
NWOC / REVENUES
8.8%
vs 5.3% at 31/12/2022
IND CAPEX
46.8
57.9
IND CAPEX / REVENUES
3.9%
vs 4.5% 31/12/2022 at

REPORT ON OPERATIONS

2023 SIGNIFICANT EVENTS

During 2023, the Group continued to work on putting the results achieved so far on a sound footing by means of its resources despite the constraints arising from the international and European economic, geopolitical and social scene, which arose following the start of the conflict between Russia and Ukraine in Eastern Europe on 24 February 2022, which is still ongoing at present, and strengthened with the conflict in the Middle East that began in October 2023.

The fourth quarter of 2023 confirmed the downward trend in inflation, which had began in the early months of the year, thanks to price reductions, primarily in energy and food, and to the restrictive policies implemented by central banks, although core inflation (excluding energy, food and tobacco) has remained almost stable.

In terms of results of operations, the 2023 financial year was affected by the trends generated by changes in energy prices, which declined compared to the comparative period, when inflationary pressure was still high. Revenues amounted to € 1,186.8 million at 31 December 2023, down by € 107.6 million compared to the same period of the previous year (€ 1,294.4 million).

In terms of profit margins, Adjusted EBITDA came to €128.1 million at 31 December 2023 with relative profit margins equal to 10.8% compared to € 129.7 million at 31 December 2022 (10.0% as a ratio to revenues): the indicator thus showed a decrease of € 1.6 million, continuing to be affected by general price trends and consequent measures.

In terms of financial performance there was an increase in Net debt, from € 449.8 million at 31 December 2022 to € 461.0 million at 31 December 2023, as was in Net working operating capital from € 68.5 million at 31 December 2022 to € 104.2 million at 31 December 2023: both of them reflect higher volumes recorded in the previous year and in early 2023, driven by a rise in energy prices.

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 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 of Rekeep itself and other Group companies previously outsourced 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 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 constitution of the arbitration panel was finalized with the appointment by ICC of the Chairperson, which gave impetus to a series of procedural activities preparatory to the pre-trial investigation. On 31 January 2024, Rekeep Saudi filed a memorandum on the status of the case with the Arbitration Court. The opposing party will have until 1 May 1, 2024 to file its defense brief.

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

The 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 31 December 2013.

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."

Rekeep S.p.A. participated in the auction jointly with C-Holding S.r.l., which was also a former quotaholder 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 pursuant 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.

Acquisition of 90% of quotas of Ster-Med S.p. z.o.o.

On 20 November 2023, the Group, through its subsidiary Rekeep Polska S.A., acquired a 90% stake in the share capital of Ster-Med sp. z o.o., a Polish company operating in the field of sterilization of surgical instruments in the healthcare sector. The company is headquartered in Krakow, Poland, operates exclusively in Poland and recorded revenues of €1.0 million at the end of the 2022 financial year. The acquisition was concluded through the acquisition of 90 % of the shares representing the company's share capital at a price of €1.4 million while on the remaining stake, which remained with the historical management, there is contractually a call option to the buyer and a put option to the transferor (exercisable between 2 November 2026 and 2 May 2027). The transaction is part of a strategy to diversify activities in Poland by expanding the range of services offered to customers.

Business development

In 2023 the Group brought orders for an overall multi-year amount of 748.2 million, of which € 606.1 million relating to extensions and renewals of contracts already included in its sales portfolio and € 142.1 million relating to extensions and renewals of contracts already included in its sales portfolio and € 37.5% of total orders gained during the period.

New contracts in the Healthcare sector amounted to € 525.8 million at 31 December 2023 (about 70.3% of total orders gained during the year), against orders gained for the Public sector for € 87.3 million (11.7% of the total) and in the Private sector for € 135.1 million (18.0% of the total). In terms of Strategic Business Unit (“SBU”), Facility Management (which also includes International Markets) obtained contracts of € 688.2 million while Laundering&Sterilization obtained contracts of € 63.0 million.

In particular, the Group finalized initiatives to maintain the former MIES2 portfolio at three major national hospital trusts in the Healthcare market. On the International Markets front, for the Rekeep Polska Group we must note major orders that were gained for the renewal of portfolio contracts due to expire and new contracts for hygiene, catering and medical transportation in the hospital sector, which is the key target market of the sub-group, and in the last quarter of the year for sterilization services; in France the subsidiaries were awarded an additional contract for cleaning and Integrated services at some local hospitals.

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

As regards the Public Market, additional contracts for hygiene and energy services were signed at some municipality facilities. In addition, some public-private partnership proposals for energy efficiency and upgrading were awarded on a final basis.

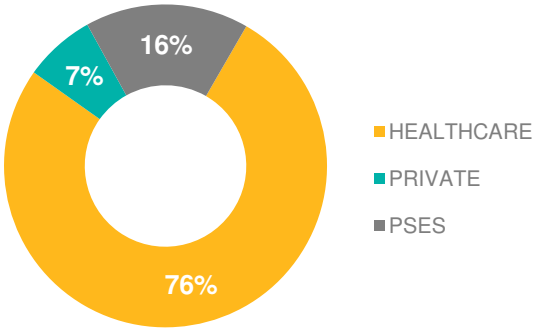
Finally, in the Private market a contract was renewed for plant maintenance at a major network customer, in addition to noting renewals of portfolio contracts due to expire, mainly for hygiene services at shopping centers and retail customers and for hygiene and catering services in Poland.

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:

	31 December 2023	31 December 2022	31 December 2021
Backlog	3,105	3,058	2,950

At 31 December 2023, **Backlog** stood at €3,105 million, showing an increase compared to the value posted at the end of 2022 (€ 3,058 million) and 2021. However, the Backlog/Revenues ratio was equal to 2.6x (2.4x at 31 December 2022).

BACKLOG BY MARKET



1. SUMMARY OF RESULTS OF THE FOURTH QUARTER OF 2023

	For the Quarter ended 31 December		
	2023	2022	%
Revenues	316,572	347,953	-9.0%
of which Revenues - International Markets	*57,000*	*48,219*	
Adjusted EBITDA (*)	32,153	46,920	-31.5%
Adjusted EBITDA % on Revenues	10.2%	13.5%	
Adjusted EBIT (*)	11,492	20,905	-45.0%
Adjusted EBIT % on Revenues	3.6%	6.0%	
Consolidated net result	(12,946)	7,776	
Consolidated net result % on Revenues	N.A.	2.2%	

In the fourth quarter of 2023 the Group recorded *Revenues* of € 316.6 million compared to € 348.0 million in the same period of the previous year, with a negative change of € 31.4 million. The International Markets contributed revenues of € 57.0 million to the quarter (an amount of €48.7 million of which was contributed by the Polish sub-group, Rekeep Polska), showing an increase of € 8.8 million compared to the same quarter of the previous year and € 4.1 million compared to the last quarter.

Revenues in the fourth quarter were affected by falling prices compared to the comparative period when inflationary pressure, particularly of energy, was still significant, which affected the pricing charged to customers, particularly on energy services. The quarter also saw portfolio exits, which were only partly 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 of the Polish sub-group, which in the catering segment recorded volume growth on a like-for-like portfolio basis, and of the French one, which compensated for the lack of contribution in terms of revenues recorded by subsidiary Rekeep Saudi Co Ltd in Saudi Arabia, as a result of what is anticipated in the introduction.

The comparative figure, characterized by the exceptional increase in prices, also affected the analysis of revenues by target market. In particular, the Public market showed a decrease in revenues of € 7.5 million compared to the fourth quarter of 2022, from € 69.6 million in the fourth quarter of 2022 to € 62.1 million in the fourth quarter of 2023. The Healthcare market was also affected in absolute terms by the price effect that had characterized the comparison quarter data: the fourth quarter ended with declining revenues for € 13.2 million compared to the same period of the previous year (from € 213.6 million in the fourth quarter of 2022 to € 200.4 million in the fourth quarter of 2023).

Finally, the Private market showed a decline in volumes in absolute value of €10.7 million from € 64.7 million in the fourth quarter of 2022 to € 54.0 million in the fourth quarter of 2023, which was mainly reported in the Facility Management sector: in

addition to the already known price trends, market revenues were affected by the contraction of supply to customers that had already been acquired in previous years

The quarterly breakdown by SBU showed as a whole a drop in the total turnover achieved by the Facility Management SBU compared to the fourth quarter of 2022 (€ 281.9 million in the quarter ended 31 December 2023 against € 313.6 million in the quarter ended 31 December 2022: -€ 31.8 million), posted in all target markets. On the other hand, the Laundering&Sterilization SBU recorded an increase of € 2.4 million in revenues in the fourth quarter of 2023, bucking the trend of recent quarters, mainly achieved in the Healthcare market, thanks to the entry of new orders into full operation and the expansion of the portfolio of subsidiaries Medical Device and Ujet.

Adjusted EBITDA for the fourth quarter of 2023 stood at € 32.2 million, showing a decrease of € 14.8 million compared to the same quarter of the previous year (when it was equal to € 46.9 million). The trend for the quarter takes on a different mix in the two benchmark SBUs. The Facility Management SBU, in fact, recorded a decline in terms of Adjusted EBITDA, equal to € 17.0 million: in addition to the different price trends in the two comparative periods, unlike the fourth quarter of 2022, the fourth quarter of 2023 does not benefit from the recognition of 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 (€ 22.7 million by sector in the fourth quarter of 2022). On the other hand, the Laundering&Sterilization SBU showed an increase of € 2.2 million compared to the fourth quarter of 2022, in line with the performance achieved on revenues; the Laundering&Sterilization sector does not benefit from the recognition of 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, which instead was € 0.3 million in the fourth quarter of 2022. The average profit margins (Adjusted EBITDA/Revenues) stood at 10.2% for the quarter ended 31 December 2023 against 13.5% for the same period of the previous year.

Adjusted EBIT for the quarter ended 31 December 2023 amounted to € 11.5 million (3.6% of related Revenues) against € 20.9 million for the same period of the previous year (6.0% of related Revenues). The trend was affected, in absolute terms, by the performance already reported for Adjusted EBITDA (- €14.8 million), from which must be deducted higher amortization and depreciation for € 0.3 million and higher write-downs of receivables (net of releases) for € 4.4 million and lower accruals, net of releases to provisions for future risks and charges for € 10.0 million (already adjusted for net non-recurring accruals for € 1.1 million recorded in the fourth quarter of 2022).

Finally, the Consolidated net result showed a loss of € 12.9 million in the fourth quarter of 2023 against a profit of € 7.8 million for the quarter ended 31 December 2022. In addition to the performance in terms of consolidated adjusted EBIT described above, higher net financial charges were recognized for € 3.9 million in the fourth quarter of 2023. Financial costs on the Senior Secured Notes amounted to € 6.9 million in both quarters under comparison while amortization charges relating to the upfront

fees incurred for the issue of the Senior Secured Notes amounted to € 0.4 million in both quarters under comparison. Financial charges of € 0.3 million on the use of the Revolving Credit Facility were also recognized in the fourth quarter of 2023 (€ 0.4 million in the fourth quarter of 2022), as were additional costs of € 0.2 million on the same facility, in line with the value posted in the period under comparison. Furthermore, in the quarter higher interest discount costs were recognized for € 1.4 million compared to the same period of the previous year, in addition to higher financial charges on leases for € 0.9 million and on contingent liabilities for the acquisition of minority interests (+€ 2.4 million). Finally, financial costs for the fourth quarter included interest of € 0.8 million on the credit facility guaranteed by SACE S.p.A., which was entered into during the period.

Finally, the result before tax for the quarter was affected by taxes for the period, which recorded an increase of € 6.1 million compared to the same quarter of 2022, when lower taxes had been recognized due to the substantial invariance of some tax components with respect to the changes in the Profit (loss) before tax, as well as to the recognition of proceeds of € 2.0 million in the fourth quarter of 2022 following the submission by some Group companies of supplementary tax returns of Income and IRAP (Regional Production Activity Tax) 2017 – 2022 forms.

	31 December 2023	30 September 2023	31 December 2022
Net Working Operating Capital (NWOC)	104,186	149,605	68,507
Financial indebtedness	(460,987)	(491,329)	(449,776)

From an equity and financial point of view, the figure relating to Net Working Operating Capital (**NWOC**) at 31 December 2023 recorded a decrease compared to the value posted during the previous quarter (- € 45.4 million) while showing an increase compared to the value posted at the end of the previous year (+ € 35.7 million). Specifically, at the end of the fourth quarter of 2023 lower trade receivables were recognized for € 30.9 million and higher trade payables for € 14.7 million compared to the previous quarter.

During the first 12 months of 2023 trade receivables were assigned to factoring companies without recourse for a total of € 322.5 million (of which € 81.4 million during the fourth quarter) and VAT receivables were assigned without recourse for € 33.9 million (of which € 13.2 million during the fourth quarter).

At 31 December 2023 DSO was 161 days, recording a decrease compared to 31 December 2022 (167 days). Average DPO was 212 days at 31 December 2023, showing a decrease compared to the value posted at 31 December 2022 (213 days). After excluding the benefit of the electricity and gas tax credits for the period, average DPO would be 198 days and 192 days at 321 December 2023 and 31 December 2022, respectively. The performance of amounts collected from customers and payments to suppliers generated cash flows during the fourth quarter of 2023 (+ € 39.4 million). The performance described above still reflects the events that involve the energy sector (primarily higher volumes and increased pressure from energy suppliers), and the consequent measures put in place by the management, such as shortening the billing period and using the available lines of credit.

Financial indebtedness showed a decrease of € 30.3 million in the quarter compared to the end of the previous quarter. To the cash flows generated from operating activities during the quarter (€ 5.2 million) and the change in NWOC (€ 39.4 million) must be deducted the cash flow absorbed by uses of resources for net industrial investments (€ 14.7 million), as well as by uses of provisions for future risks and charges and the provision for Employee Termination Indemnity (TFR) for the quarter (€ 1.7 million). Finally, the change was contributed to by the cash flows generated by the changes in other operating assets and liabilities that were recorded during the quarter (€ 2.3 million), including, in addition to the normal seasonal trend in receivables from and payables to employees (showing a decrease of € 3.5 million in the quarter), and payables for receipts to be passed on to the members of the Temporary Business Grouping (the debt balances of which showed a decrease of € 0.5 million), there was the recognition of cash inflows for the further release of part of the guarantee deposits on gas contracts during the quarter (+ €1.0 million), as well as against the performance of net VAT credit balances of the Group companies (+ € 4.2 million),which during the quarter were subject to assignments carried out without recourse for a total amount of €13.2 million, and the performance of net tax credits, especially energy and gas (+ € 2.9 million), and cash outflows mainly due to the payment of the installments of the Antitrust Authority's order for sanctions (- Euro 2.9 million).

2. THE REKEEP GROUP'S CONSOLIDATED PERFORMANCE OF OPERATIONS AND FINANCIAL POSITION AT 31 DECEMBER 2023

2.1. Consolidated results of operations for FY 2023

Below are reported the main income figures for 2023 compared to the figures of 2022.

(in thousands of Euro)	For the year ended 31 December		For the quarter ended 31 December	
	2023	2022	2023	2022
Revenues	1,186,769	1,294,376	316,572	347,953
Costs of production	(1,068,039)	(1,168,016)	(287,871)	(302,265)
EBITDA	**118,730**	**126,360**	**28,701**	**45,688**
EBITDA %	**10.0%**	**9.8%**	**9.1%**	**13.1%**
Amortization, depreciation, write-downs and write-backs of assets	(47,721)	(41,912)	(16,955)	(12,319)
Accrual of provisions for risks and charges	(14,964)	(13,505)	(3,716)	(14,790)
Operating Income (EBIT)	**56,045**	**70,943**	**8,030**	**18,579**
EBIT %	**4.7%**	**5.5%**	**2.5%**	**5.3%**
Share of net profit of associates	(24)	703	(126)	13

(in thousands of Euro)	For the year ended 31 December		For the quarter ended 31 December	
	2023	2022	2023	2022
Net financial charges	(55,444)	(40,397)	(17,740)	(13,789)
Profit before taxes (EBT)	**577**	**31,249**	**(9,836)**	**4,803**
EBT %	**N.A.**	**2.4%**	**N.A.**	**1.4%**
Income taxes	(13,108)	(3,750)	(3,110)	2,973
Profit (loss) from continuing operations	**(12,531)**	**27,499**	**(12,946)**	**7,776**
Profit (loss) from discontinued operations	0	0	0	0
CONSOLIDATED NET PROFIT (LOSS)	**(12,531)**	**27,499**	**(12,946)**	**7,776**
CONSOLIDATED NET PROFIT (LOSS) %	**N.A.**	**2.1%**	**N.A.**	**2.2%**
Minority interests	(690)	(368)	55	(59)
NET RESULT ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT	**(13,221)**	**27,131**	**(12,891)**	**7,717**
NET RESULT ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT %	**N.A.**	**2.1%**	**N.A.**	**2.2%**

NON-RECURRING EVENTS AND TRANSACTIONS

In 2023 the Rekeep Group recognized, in the Statement of Profit or Loss for the period, some "non-recurring" financial items which impacted on the normal performance of consolidated results. Pursuant to CONSOB Communication DEM/6064293 of 28 July 2006, "*significant non-recurring events and transactions*" mean events or transactions whose occurrence is non-recurring, i.e. those transactions or events that are not repeated frequently as part of normal operations and have a significant impact on the Group companies' financial position, results of operations and cash flows.

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

(in thousands of Euro)	For the year ended 31 December	
	2023	2022
Costs from reorganization of company units	2,981	2,559
M&A and non-recurring transactions of Group companies	2,961	109
Legal advice fees and other charges for international arbitration	3,389	0
Legal advice fees concerning pending administrative disputes	0	517
Non-recurring tax charges	0	132

(in thousands of Euro)	For the year ended 31 December	
	2023	2022
NON-RECURRING EXPENSES (INCOME) IMPACTING ON EBITDA	**9,331**	**3,316**
Provisions for legal advice fees and other charges for international arbitration	6,187	0
Net non-recurring provisions for risks on contracts	0	(3,157)
Provisions for retroactive application of rules	0	940
Other provisions for non-recurring charges	0	54
NON-RECURRING CHARGES (INCOME) IMPACTING ON EBITDA AND EBIT	**15,518**	**1,153**

In 2023, the Group incurred non-recurring charges impacting on EBITDA for a total amount of € 9.3 million. An amount of € 3.0 million of which related to the projects for the reorganization of company units of the parent company and certain subsidiaries and of the Group structures. An additional amount of € 3.0 million related to costs for M&A operations, both present and completed in previous years, and recoded on an accruals basis in the period, and other minor non-recurring transactions. In addition, the start of the international arbitration proceedings by the subsidiary in Saudi Arabia, as described in the introduction above, resulted in non-recurring charges being incurred in the period with an impact of € 3.4 million on consolidated EBITDA, mainly relating to costs accrued in the period for the rationalization of the subsidiary's structures following the termination of the Metro Riyadh contract, and to legal fees related to the pending litigation, in addition to the provision for charges expected to be incurred in future years until the termination of the proceedings, with an impact of € 6.2 million on EBIT.

At 31 December 2022 non-recurring charges impacting on EBITDA amounted to € 3.3 million, of which € 2.6 million relating to the reorganization of company functions and € 0.5 million to legal disputes with the Competition Authority (AGCM) and Consip S.p.A.. As regards non-recurring costs impacting on EBIT, we must note the partial release during 2022 of the provision for risks and charges set aside in previous years for non-recurring additional costs that are expected to be incurred on some energy contracts, as restated following the issue of a clarification in terms of regulations. To this must be added the provision recorded by subsidiary Servizi Ospedalieri, amounting to €0.9 million, in consideration of the sums that are considered likely to have to be paid to certain Regional Governments in application of the provisions laid down in Article 17 of Law no. 111 of 2011 and Article 9 of Decree Law no. 78 of 2015, as converted by Law no. 125 of 2015, which became applicable under the Ministry of Health's Decree of 6 July 2022 (published on 15 September 2022) and the Aid-*bis* Decree (as converted by Law no. 142 of 21 September 2022), the so-called "Medical device payback".

Consolidated Adjusted EBITDA and EBIT are thus represented as follows:

(in thousands of Euro)	For the year ended 31 December	
	2023	2022
EBITDA	**118,730**	**126,360**
Non-recurring expenses (income) impacting on EBITDA	9,331	3,316
Adjusted EBITDA	**128,061**	**129,676**
Adjusted EBITDA % on Revenues	**10,8%**	**10.0%**
EBIT	**56,045**	**70,943**
Non-recurring expenses (income) impacting on EBITDA and EBIT	15,518	1,153
Adjusted EBIT	**71,563**	**72,096**
Adjusted EBIT % on Revenues	**6.0%**	**5.6%**

REVENUES

During the period ended 31 December 2023 the Group recorded *Revenues* of € 1,186.8 million against € 1,294.4 million in the same period of the previous year, recording a loss of € 107.6 million (-8.3%).

The performance of revenues for the period was affected by falling prices, particularly of energy, which had an impact on the pricing charged to customers, particularly on energy services contracts. Finally, the 2023 financial year saw portfolio exits, which were only partly offset by the entry into operation of contracts acquired during the second half of 2022 and during 2023. The performance of the International Markets was positive (+ € 23.5 million), thanks to the contribution given by the Group controlled by Rekeep Polska and the French subsidiaries in the healthcare sector, which compensated for lost revenue contribution recorded by the subsidiary Rekeep Saudi Co Ltd in Saudi Arabia as a result of what is anticipated in the introduction above.

The table below shows the breakdown of consolidated Revenues by target Market in 2023 compared with the figure posted in the previous year.

REVENUES BY SEGMENT

(in thousands of Euro)	For the year ended 31 December				For the quarter ended 31 December	
	2023	% on total Revenues	2022	% on total Revenues	2023	2022
Public Authorities	221,306	18.6%	253,046	19.6%	62,101	69,644
Healthcare	752,140	63.4%	790,189	61.0%	200,437	213,611
Private Customers	213,323	18.0%	251,141	19.4%	54,034	64,698
CONSOLIDATED REVENUES	**1,186,769**		**1,294,376**		**316,572**	**347,952**

All target markets recorded the same trend in terms of consolidated revenues. Revenues in the Healthcare sector showed a decrease of € 38.1 million in the period compared to the same period of 2022, from € 790.2 million to € 752,1 million, achieving a weight of 63.4% of total consolidated Revenues. The Facility Management SBU contributed for € 42.1 million to the decline in the volumes in the Healthcare market, in consideration of the different price trends between the two comparative periods: the comparative figure is in fact characterized by the exceptional increase in prices during the previous year. On the other hand, the Laundering&Sterilization SBU recorded an increase of € 4.0 million in the Healthcare sector thanks to the start of operations on some contracts for linen rental and industrial laundering, as well as the sterilization of surgical instruments, on the part of subsidiary Servizi Ospedalieri, initially planned for the 2022 financial year, as well as to the expansion of the portfolio achieved by Medical Device and Ujet within the sale of procedural devices and kits for the healthcare market. The performance in the Public and Private markets was also affected by the different price trends between the two periods under comparison, which affected all markets. Specifically, the Public market showed a volume decrease of € 31.7 million compared to 2022 while the Private market showed a decrease of € 37.8 million.

The performance in these markets was substantially aligned for both business sectors.

Analysis of revenues by Segment

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

REVENUES BY SEGMENT

(in thousands of Euro)	For the year ended 31 December				For the quarter ended 31 December	
	2023	% on total Revenues	2022	% on total Revenues	2023	2022
Facility Management	1,051,179	88.6%	1,158,704	89.5%	281,865	313,646
of which International markets	*211,992*	*17.9%*	*188,476*	*14.6%*	*57,000*	*48,219*
Laundering & Sterilization	153,936	13.0%	144,503	11.2%	40,170	37,808
Eliminations	(18,346)		(8,832)		(5,462)	(3,501)
CONSOLIDATED REVENUES	**1,186,769**	**100%**	**1,294,376**	**100%**	**316,572**	**347,952**

Revenues from the Facility Management SBU recorded a decrease of € 107.5 million (- 9.3%) in 2023 compared to the same period of the previous year, from € 1,158.7 million at 31 December 2022 to € 1,051.2 million at 31 December 2023.

The sector's revenues were affected by the different trends recorded by prices in the two comparative periods: in fact, as already anticipated, there was a drop in prices in 2023, particularly of energy, compared to the same period in the previous year, when prices had been constantly rising, leading to a price effect on the sector's revenues, to which energy services mainly refer. This performance was also contributed to by the exit from the portfolio of some contracts in the Public and Private markets, and the lost revenue contribution recorded by the subsidiary Rekeep Saudi Co Ltd in Saudi Arabia, due to what has already been described above. The International Markets contributed € 212.0 million to the segment's revenues (+ 12.5% compared to the same period of the previous year), thanks to the increase in volumes achieved by the subgroup controlled by Rekeep Polska, particularly in catering services, and the entry into full operation of some contracts in France.

On the other hand, revenues from the Laundering&Sterilization SBU increased from € 144.5 million for the period ended 31 December 2022 to € 153.9 million for the period ended 31 December 2023. During the year, the sector therefore recorded a total increase of € 9.4 million, benefiting from the entry into full operation of some contracts launched in the second half of 2022 and in early 2023.

The Facility Management SBU recorded a relative weight of 88.6% on total consolidated Revenues during the quarter (89.5% in 2022).

EBITDA

The Group's EBITDA stood at € 118.7 million for the period ended 31 December 2023, down by € 7.6 million compared to € 126.4 million in the same period in the previous year. However, it should be noted that EBITDA for the two comparative periods expensed non-recurring costs of € 9.3 million and € 3.3 million, respectively. Therefore, Adjusted EBITDA, excluding these non-recurring elements, amounted to € 128.1 million at 31 December 2023, against Adjusted EBITDA of € 129.7 million at 31 December (- € 1.6 million).

Below is the comparison of EBITDA by business segment for the period ended 31 December 2023 compared to the same period of 2022:

EBITDA BY SEGMENT

(in thousands of Euro)	For the year ended 31 December				For the quarter ended 31 December	
	2023	% on Revenues by segment	2022	% on Revenues by segment	2023	2022
Facility Management	89,245	8.5%	100,145	8.6%	20,901	40,208
of which International markets	*2,828*		*8,786*		*4,072*	*1,379*
Laundering&Sterilization	29,486	19.2%	26,215	18.1%	7,802	5,480
CONSOLIDATED EBITDA	**118,731**	**10.0%**	**126,360**	**9.8%**	**28,703**	**45,688**

The Facility Management sector showed EBITDA of € 89.3 million at 31 December 2023, showing a decrease of € 10.9 million against € 100.2 million in the same period of the previous year. The negative change was contributed to by the International Markets for € 6.0 million, including € 9.7 million relating to the losses recorded by Rekeep Saudi Co Ltd (including non-recurring charges of € 3.4 million), mainly as a result of the exit from the contract to perform operation and maintenance services for four lines of the Riyadh metro system. After excluding the non-recurring items that affected the consolidated results during the two comparative periods, which had an impact on the sector equal to € 8.9 million and € 2.9 million, respectively, Adjusted EBITDA by segment came to € 98.2 million at 31 December 2023 compared to € 103.1 million at 31 December 2022 (- € 4.9 million). The change in segment EBITDA recorded in the year was still affected by the consequences of the ongoing conflict in Eastern Europe and the resulting price trends, particularly those of energy, which affected revenues as previously described, and simultaneously reduced cost pressures. Furthermore, EBITDA for the period benefited, less than in the same period of the previous year, from the recognition of 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 until the first half of 2023, equal to € 16.6 million at 31 December 2023 in the sector (€ 27.1 million in energy and natural gas tax credits granted in the previous year).

EBITDA in the Laundering&Sterilization business segment stood at € 29.5 million in 2023, showing an increase compared to the previous year (+ € 3.3 million). After excluding non-recurring elements which affected the consolidated results and impacted on this segment for € 0.4 million in both comparative periods, Adjusted EBITDA by segment came to € 29.9 million at 31 December 2023 against € 26.6 million at 31 December 2022. The result in terms of EBITDA in the Laundering&Sterilization business segment benefitted from the positive trend already analyzed on revenues, as well as from the lower incidence of the cost of energy used to operate the laundering and sterilization facilities. Furthermore, this segment benefited from the

recognition of the tax credit for electricity and natural gas, equal to € 1.1 million at 31 December 2023, to cover a percentage of the costs incurred until the first half-year of 2023 (€ 0.6 million in the same period of the previous year).

Costs of production

Costs of production, which amounted to € 1,068.0 million at 31 December 2023, showed a decrease of € 100.0 million in absolute terms compared to € 1,168.0 million posted at 31 December 2022 (- 8.6%), in line with the trend recorded on revenues.

(in thousands of Euro)	For the year ended 31 December				For the quarter ended 31 December	
	2023	% of total	2022	% of total	2023	2022
Costs of raw materials and consumables	253,764	23.8%	352,579	30.2%	74,829	80,818
Change in inventories of finished and semi-finished products	(207)	N.A.	(217)	N.A.	(255)	(354)
Costs for services and use of third-party assets	319,607	29.9%	335,877	28.8%	85,813	93,661
Personnel costs	485,972	45.5%	469,406	40.2%	125,288	123,287
Other operating costs	9,860	0.9%	10,923	0.9%	2,700	4,638
Capitalization of lower internal construction costs	(957)	N.A.	(552)	N.A.	(504)	215
TOTAL COSTS OF PRODUCTION	**1,068,039**	**100.0%**	**1,168,016**	**100.0%**	**287,871**	**302,265**

Costs of raw materials and consumables in 2023 amounted to € 253.8 million, showing a decrease of € 98.8 million (- 28.0%), compared to the value posted in 2022, which led to a lower impact on total Costs of Production (23.8% at 31 December 2023 against 30.2% at 31 December 2022). The change in the item was mainly due to a decrease in the cost for fuel consumption and other energy resources following a 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 the costs of energy raw materials was partially offset by the recognition of 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 for the Group to € 17.7 million at 31 December 2023 and € 27.7 million at 31 December 2022.

Inventories of finished and semi-finished products recorded a positive change of €0.2 million at 31 December 2023 (in line with the value posted in the previous year), mainly due to change in inventories of products sold by Medical Device and Ujet, which are the Group companies dedicated to the production and sale of surgical kits and medical devices.

Costs for services and use of third-party assets stood at € 319.6 million at 31 December 2023, also down by € 16.3 million compared to the value posted at 31 December 2022 (€ 335.9 million), and with an impact of 29.9% (28.8% in the comparative period) on total Costs of Production. The trend in the relative incidence of *Costs for services and use of third party assets* on the total was directly linked to production activities (third-party and professional services, as well as consortia costs), which are typically linked to the mix of services being delivered and to any possible resulting make-or-buy choices.

Personnel costs increased in absolute terms by € 16.6 million (+ 3.5%) from € 469.4 million at 31 December 2022 to € 486.0 million at 31 December 2023, with an impact on total Costs of Production which stood at 45.5% and 40.2%, respectively.

The average number of employees in service during 2023 was equal to 25,723 while it was 26,748 in the same period of the previous year (of which 23,877 against 24,939 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.

At 31 December 2023, there also was the recognition of *Capitalization of lower internal construction costs* for € 1.0 million (€ 0.6 million at 31 December 2022), relating to a service concession involving the initial implementation of long-term works for the integrated management of thermal and electrical energy supply and management services through its subsidiary Cefalù Energia S.r.l..

Finally, *Other operating costs* at 31 December 2023 amounted to € 9.9 million (€ 10.9 million at 31 December 2022), showing a decrease of € 1.1 million compared to the same period of the previous year. The item mainly includes duties, penalties and sundry operating charges.

Operating Income (EBIT)

In 2023, Consolidated Operating Income (**EBIT**) came to € 56.1 million (equal to 4.7% of Revenues) against € 70.9 million (equal to 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 (- € 7.6 million compared to the previous year), from which must be deducted higher *amortization and depreciation* of € 1.7 million (€ 41.3 million at 31 December 2023, against € 39.6 million in the same period of the previous year), higher *write-downs* of trade receivables (net of releases) and other assets for € 4.1 million, and *accruals to provisions for risks and charges* (net of reversals) for € 1.5 million, including non-recurring accruals for € 6.2 million at 31 December 2023 and the net non-recurring release for € 2.2 million at 31 December 2022.

Adjusted EBIT (recognizing the same non-recurring items impacting on Adjusted EBITDA, in addition to the non-recurring accruals just mentioned) came to € 71.6 million and € 72.1 million at 31 December 2023 and at 31 December 2022, respectively, with relative profit margins (Adjusted EBIT/Revenues) equal to 6.0% and 5.6%.

Below is a comparison of Operating Income (EBIT) by business segment for the period ended 31 December 2023 and the 2022 financial year:

EBIT BY SEGMENT

(in thousands of Euro)	For the year ended 31 December				For the quarter ended 31 December	
	2023	% on Revenues by segment	2022	% on Revenues by segment	2023	2022
Facility Management	48,333	4.6%	67,331	5.8%	5,878	19,736
of which International Markets	*(16,138)*		*(718)*		*(731)*	*(5,406)*
Laundering&Sterilization	7,712	5.0%	3,612	2.5%	2,152	(1,157)
CONSOLIDATED EBIT	**56,045**	**4.7%**	**70,943**	**5.5%**	**8,030**	**18,579**

EBIT in the Facility Management business segment was equal to € 48.3 million at 31 December 2023, showing a decrease of €19.0 million compared to 2022 (€ 67.3 million) with operating profit margins coming to 4.6% of Revenues by segment (5.8% at 31 December 2022). On the other hand, Adjusted EBIT by segment decreased from € 67.2 million at 31 December 2022 to € 63.5 million at 31 December 2023.

Adjusted EBIT by segment reflected the abovementioned performance in terms of Adjusted EBITDA (- € 4.9 million) from which must be deducted higher amortization and depreciation for € 1.6 million, and higher write-downs of trade receivables (net of releases) for € 4.0 million, to which must be added lower accruals, net of releases on provisions for future risks and charges and non-recurring items for € 6.9 million.

In the Laundering&Sterilization segment, EBIT by segment showed an increase of € 4.1 million and profit margins by segment equal to 5.0% in terms of EBIT on related Revenues by segment (2.5% at 31 December 2022).

Adjusted EBIT by segment increased from € 4.9 million at 31 December 2022 to € 8.1 million at 31 December 2023, reflecting the positive performance in terms of Adjusted EBITDA compared to the same period of the previous year (+ € 3.3 million), as well as higher amortization and depreciation for € 0.1million and higher write-downs of trade receivables (net of releases) for €0.1 million.

Profit (loss) before tax from continuing operations

To consolidated EBIT must be added net charges for the companies valued at equity, for an amount less than € 0.1 million at 31 December 2023 (net income equal to € 0.7 million in the same period of the previous year).

Furthermore, there was the recognition of net financial charges of € 55.4 million (€ 40.4 million at 31 December 2022), thus obtaining a Profit before tax from continuing operations equal to € 0.6 million (€ 31.2 million at 31 December 2022).

Below is the breakdown by nature of net financial charges in 2023 compared with the previous year:

(in thousands of Euro)	For the year ended 31 December		For the quarter ended 31 December	
	2023	2022	2023	2022
Dividends and income (loss) from sale of investments	312	(478)	0	(607)
Financial income	2,282	2,773	972	335
Financial charges	(56,509)	(43,568)	(16,879)	(11,643)
Profit (loss) on exchange rate	(1,529)	876	(1,833)	(1,874)
NET FINANCIAL CHARGES	**(55,444)**	**(40,397)**	**(17,740)**	**(13,789)**

In 2023 dividends were accounted for from non-consolidated companies for € 0.2 million (€ 0.5 million in 2022). Furthermore, net income from disposal of investments for € 0.1 million was recognized at 31 December 2023 while the capital loss generated by the deconsolidation of Rekeep United Yönetim Hizmetleri A.Ş., following the sale to the minority shareholder, was stated in 2022 (€ 1 million).

Financial income of € 2,3 million was recorded at 31 December 2023 showing a decrease compared to € 2.8 million in the same period of 2022, when higher default interest to a customer for € 1.5 million was recognized following the recognition in court.

The impact of *financial charges* on the consolidated results of operations for the period was equal to € 56.5 million compared to € 43.6 million for the same period of 2022, recording an increase of € 12.9 million.

In 2023, the financial charges accrued on the coupons of the Senior Secured Notes amounted to € 26.6 million (€ 26.9 million in the same period of the previous year). The upfront fees relating to the issue of the Senior Secured Notes in 2021 were

accounted for according to the amortized cost method, which entailed financial amortization charges of € 1.6 million in the period (€ 1.5 million at 31 December 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 € 0.9 million in the period (including commitment fees charged by banks), compared to € 0.8 million in the previous year. Furthermore, the use of the facility during the year entailed the charging of financial costs equal to € 1.4 million (€ 1.0 million at 31 December 2022). The facility was partially used to meet temporary cash requirements (if any), and was promptly repaid.

The new confirming credit line of € 60 million signed on 20 April 2023 by the parent company Rekeep S.p.A. with SACE Fct S.p.A., the factoring company of the SACE Group leading the transaction, and Banca Sistema S.p.A, entailed the payment of financial charges of € 2.4 million in 2023.

Interest discount costs in relation to the assignments of trade receivables and VAT credits without recourse, as well as costs for assignments of tax credits to the parent company MSC, were also recognized for € 4.7 million during 2023 (€ 3.4 million in the same period of the previous year). Furthermore, assignments with recourse and reverse factoring lines also generated financial costs of € 3.0 million at 31 December 2023, against financial costs of € 1.6 million at 31 December 2022.

Additional financial charges mainly concerned financial charges on lease agreements (€ 2.2 million in 2023 against € 1.1 million in 2022), financial charges on contingent liabilities for the Put option granted to minority shareholders of Rekeep Polska and Rekeep France, respectively (€ 3.5 million at 31 December 2023 against € 1.1 million at 31 December 2022), and bank interest expense and financial charges on minor loans.

Finally, foreign exchange loss of € 1.5 million were recorded at 31 December 2023, mainly linked to the fluctuations in Euro exchange rates during the period (gains of € 0.8 million at 31 December 2022).

Consolidated net Result

From the Profit (loss) before tax from continuing operations (a profit of € 0.6 million) must be deducted taxes of € 13.1 million, thus obtaining a Net loss from continuing operations of €12.5 million (against a profit of € 27.5 million at 31 December 2022).

Below is the breakdown of consolidated tax rate:

(in thousands of Euro)	For the year ended 31 December	
	2023	2022
Profit (loss) before tax from continuing operations	**577**	**31,249**
Current, prepaid and deferred IRES tax	(8,789)	1,308
Current, prepaid and deferred IRAP tax	(4,319)	(5,059)
Net profit (loss) from continuing operations	**(12,531)**	**27,499**
Overall tax rate	**N.A.**	**12.0%**

The consolidated tax rate at 31 December 2023 was affected by some items excluded from taxable base for tax purposes, as well as by the substantial invariance of some components of taxes with respect to the changes in Income before taxes. Against a Pre-tax Income that recorded a decrease of € 30.7 million compared to the same period in the previous year, higher taxes of € 9.4 million were recognized compared to 2022, when total income of € 6.2 million was stated following the submission by the parent company Rekeep S.p.A. and its subsidiaries H2H Facility Solutions S.p.A. and Servizi Ospedalieri S.p.A. of supplementary income tax returns 2017-2022 and IRAP 2017-2022.

Finally, the Group then showed a consolidated net loss of € 12.5 million at 31 December 2023 against a consolidated net profit of € 27.5 million at 31 December 2022.

2.2. Analysis of the statement of financial position at 31 December 2023

The statement of Sources and Uses is reported below:

(in thousands of Euro)	31 December 2023	31 December 2022
USES		
Trade receivables and advances to suppliers	513,771	537,227
Inventories	13,373	12,088
Trade payables and contract liabilities	(422,958)	(480,808)
Net working operating capital	**104,186**	**68,507**
Other working capital elements	(156,674)	(120,289)
Net working capital	**(52,488)**	**(51,782)**
Property, plant and equipment	117,543	93,249
Right-of-use assets	44,555	54,625
Goodwill and other intangible assets	424,431	423,223
Investments accounted for under the equity method	11,758	10,121
Other items of non-current assets	34,004	51,270
Fixed assets	**632,291**	**632,488**
Non-current liabilities	(56,815)	(57,972)
NET INVESTED CAPITAL	**522,988**	**522,734**
SOURCES		
Equity attributable to non-controlling interests	6,515	6,096
Equity attributable to equity holders of the Parent	55,486	66,862
Shareholders' equity	**62,001**	**72,958**
Financial indebtedness	460,987	449,776
of which fair value of call options on subsidiaries' non-controlling interests	*19,545*	*16,046*
FINANCING SOURCES	**522,988**	**522,734**

Net working capital

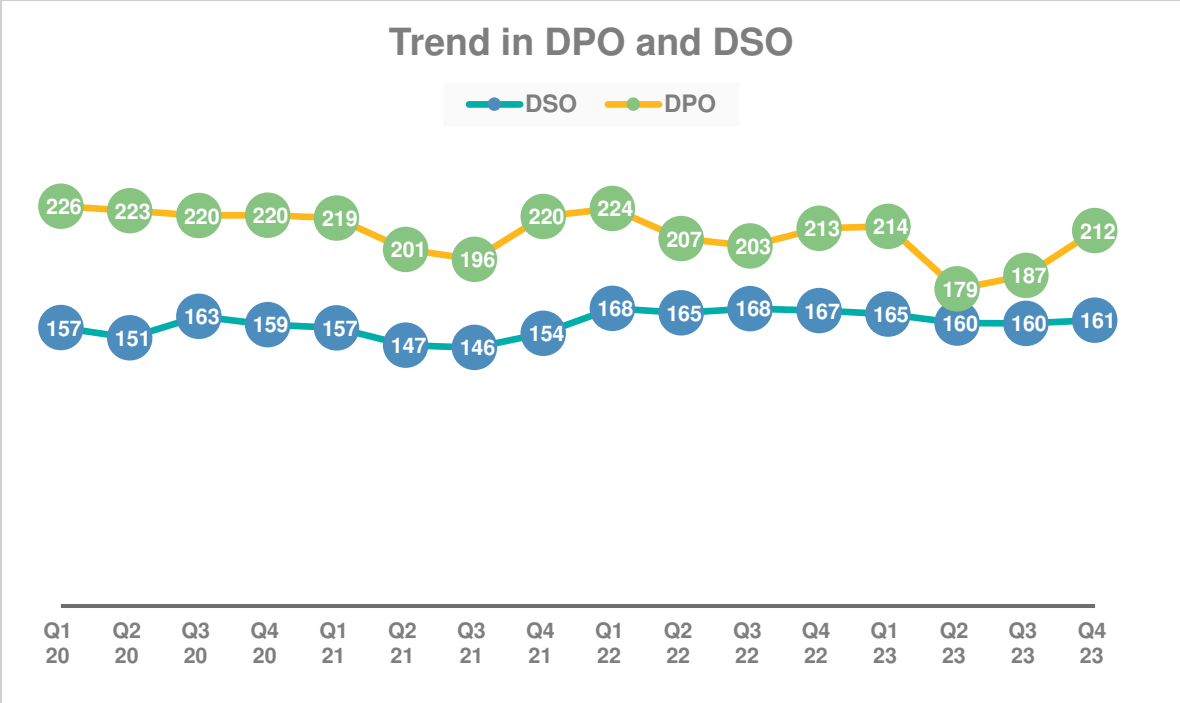
At 31 December 2023, Consolidated Net Working Capital (**NWC**) was negative and equal to € 52.5 million against a negative NWC of € 51.8 million at 31 December 2022.

At 31 December 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 € 104.2 million against € 68.5 million at 31 December 2022. Considering the balance of receivables assigned by the Group without recourse and not yet collected by the

factoring agencies (equal to € 62.8 million at 31 December 2023 and € 101.5 million at 31 December 2022) **Adjusted NWOC** stood at € 167.0 million and € 170.0 million, respectively.

The change in this latter indicator (- € 3.0 million) was linked to a decrease in the balance of trade payables (+ € 57.9 million), as well as a decrease in trade receivables (- € 62.1 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 (+ € 1.3 million). At 31 December 2023, Adjusted NWOC continued to be affected by the effects arising from the growth in prices recorded in previous periods, including higher volumes recorded on both trade payables and receivables and higher pressure from the suppliers of energy materials.

As at 31 December 2023, average DSO was 161 days against 167 days at 31 December 2022 while average DPO stood at 212 days, showing a decrease compared to the value posted at 31 December 2022 (213 days). After excluding the benefit of energy and gas tax credits for the period, average DPO would be 198 days and 192 days at 31 December 2023 and 31 December 2022, respectively. The trend in both DSO and DPO was also linked to 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 31 December 2023 was a net liability of € 156.7 million, up by € 36.4 million compared to a net liability of € 120.3 million at 31 December 2022:

(in thousands of Euro)	31 December 2023	31 December 2022	Change
Current tax receivables	6,589	8,671	(2,082)
Other current assets	31,681	59,211	(27,530)
Provisions for risks and charges, current	(22,707)	(18,483)	(4,224)
Current tax payables	(142)	(21)	(121)
Other current liabilities	(172,095)	(169,667)	(2,428)
OTHER WORKING CAPITAL ELEMENTS	**(156,674)**	**(120,289)**	**(36,385)**

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:

- a decrease in the net VAT credit balances of the Group companies that are predominantly subject to a VAT invoicing system based on "Split payment" and "Reverse charge" (- € 0.6 million). These credit balances allowed, during 2023, the performance of assignments without recourse of the balances on account of refund required from the Tax Authorities, for a total amount of € 33.9 million;
- a reduction in the balance of tax credits, which had not yet been used at the end of the period, 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, which amounted to € 0.8 million for the Group at 31 December 2023 (€ 24.2 million at 31 December 2022);
- the partial repayment of guarantee deposits on new annual electricity and gas utility contracts for € 3.8 million compared to the guarantee deposits outstanding at 31 December 2022;
- a decrease in the balance of net current tax receivables, equal to € 6.4 million at 31 December 2023 against a net receivable of € 8.7 million at 31 December 2022.

Furthermore, "Other current liabilities" include the residual balance of € 55.2 million (€ 66.6 million at 31 December 2023) of the liability recorded by the parent Company Rekeep S.p.A. following the service of the Competition Authority's updated order concerning the Consip FM4 tender and the subsequent entry of the requested amount 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 € 10.4 million and € 10.0 million at 31 December 2023 and 31 December 2022, respectively;
- the long-term portion of Provisions for risks and charges (€ 31.7 million at 31 December 2023 against € 30.2 million at 31 December 2022);
- deferred tax liabilities of € 14.6 million (€ 15.8 million at 31 December 2022);
- other non-current liabilities of € 0.1 million at 31 December 2023, showing a decrease compared to the balance at 31 December 2022 of (€ 2.0 million), mainly as a result of the short-term reclassification in the debt balance for incentives for top managers of a subsidiary company.

Consolidated financial indebtedness

The breakdown of financial indebtedness at 31 December 2023 is reported 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 31 December 2023 is compared with the figures at 31 December 2022.

(in thousands of Euro)	31 December 2023	31 December 2022
A. Cash	166	162
B. Cash equivalents (c/a, bank deposits and consortia, non-proprietary accounts)	76,646	84,081
C. Other current financial assets	15,545	7,017
D. Liquidity (A) + (B) + (C)	**92,357**	**91,260**
E. Current financial liabilities	102,544	106,275
F. Current portion of non-current debt	52,583	26,153
G. Current financial indebtedness (E)+(F)	**155,126**	**132,428**

(in thousands of Euro)	31 December 2023	31 December 2022
H. Current net financial indebtedness (G) - (D)	**62,769**	**41,168**
I. Non-current financial liabilities	32,039	44,067
J. Debt instruments	366,179	364,541
K. Trade payables and other non-current payables	0	0
L. Non-current financial indebtedness (I) + (J) + (K)	**398,218**	**408,608**
M. NET FINANCIAL INDEBTEDNESS (H) + (L)	**460,987**	**449,776**

Consolidated financial indebtedness increased from € 449.8 million at 31 December 2022 to € 461.0 million at 31 December 2023.

Work continued in 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 factoring agreement concerning the assignment, without recourse and on a revolving basis, of receivables claimed by the same companies from Entities in the National Health System and Public Authorities, for an amount of up to € 300 million, and which was renewed for the last time on 14 January 2022 and amended on 31 January 2024 to extend its term until 25 January 2028. 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 2023 totaled € 332.5 million, in addition to assignments of VAT credits requested for refund for a total of € 33.9 million. The entire loan portfolio sold under non-recourse contracts was derecognized in accordance with the provisions of IFRS9.

The consolidated adjusted financial debt for the amount of trade receivables assigned without recourse to factoring companies, which had not been collected by the latter at the reporting date (totaling € 62.8 million at 31 December 2023 against €101.5 million at 31 December 2022) amounted to € 523.8 million at 31 December 2023 against €551.3 million at 31 December 2022.

Financial indebtedness also included the potential financial liability related to the fair value measurement of options on the minority interest of the subsidiaries Rekeep Polska S.A. and Rekeep France S.a.S., which totaled € 19.5 million at 31 December 2023 (€ 16,0 million at 31 December 2022).

At 31 December 2023 the balance of Cash and cash equivalents, net of short-term lines of credit (“Net Cash”) amounted to € 31.1 million (€ 57.1 million at 31 December 2022):

(in thousands of Euro)	31 December 2023	31 December 2022
Cash and cash equivalents	76,812	84,243
Current bank overdraft, advance payments and hot money	(27,549)	(15,293)
Obligations arising from assignments of trade receivables with recourse	(18,183)	(11,806)
NET CASH	**31,080**	**57,144**

Below is the breakdown of the net financial exposure for bank credit lines and lease agreements ("Net Debt") at 31 December 2023, compared to 31 December 2022:

(in thousands of Euro)	31 December 2023	31 December 2022
Senior Secured Notes (nominal value)	370,000	370,000
Bank debts (nominal value)	37,152	838
Financial lease liabilities	41,697	48,956
Current bank overdraft, advance payments and hot money	27,549	15,293
Obligations arising assignments of receivables with recourse	18,183	11,806
Payables for reverse factoring	16,633	33,813
GROSS DEBT	**511,214**	**480,706**
Receivables and other current financial assets	(15,545)	(7,017)
Cash and cash equivalents	(76,812)	(84,243)
NET DEBT	**418,857**	**389,446**

At 31 December 2023 there was the recognition of a higher exposure for bank debt for € 36.3 million compared to 31 December 2022, mainly following the execution of the confirming line of credit agreement that was signed with SACE Factoring S.p.A. in April 2023 for payments to suppliers, and that entailed on the other hand the recognition of a 18-month loan with a residual value equal to € 36.0 million at 31 December 2023. The line, on the other hand, made it possible to reduce the use of other reverse factoring lines in 2023 (- € 17.2 million compared to the balance at 31 December 2022).

Furthermore, in 2023, there was the recognition of higher uses of credit lines for the assignment with recourse of trade receivables (+ € 6.4 million compared to 31 December 2022), as well as of higher uses of Bank overdraft, advance payments and hot money (+ € 12.3 million compared to 31 December 2022). Current financial assets in 2023 included the reclassification as short-term of the sums pledged as collateral for gas supply contracts (cash collateral) and not yet repaid (€ 12.4 million), since they are payable within 1 year from the end of the period. It should be noted that as at 9 February 2024 these sums had been fully released and made available in Rekeep S.p.A.'s ordinary current accounts.

Finally, in 2023 the balance of lease liabilities showed a decrease of € 7.3 million compared to 31 December 2022. In particular, in December 2023, the lease agreement of Rekeep S.p.A, relating to the company's head office building, in which it took over

from its parent company MSC S.p.A. in 2022, came to its natural expiration: the company exercised the envisaged final redemption option, incurring an outlay of € 10.0 million, resulting in the acquisition of full ownership of the property.

The change in consolidated "Cash and cash equivalents" is analyzed in the table below, which shows the cash flows relating to the 2023 financial year, compared with the figures for the same period of the previous year. Reference should be made to Annexes, which contain a reconciliation between the items in the table and those in the statutory schedule of the Consolidated Financial Statements presented in the condensed Explanatory Notes according to IAS 7.

(in thousands of Euro)	31 December 2023	31 December 2022
At 1 JANUARY	**84,243**	**99,512**
Cash flow from current operations	53,711	80,841
Uses of provisions for risks and charges and payments of the Employee Termination Indemnity (TFR)	(9,544)	(4,976)
Change in NWOC	(41,496)	(21,588)
Industrial capex, net of disposals	(44,478)	(49,822)
Financial capex, net of disposals	13,695	(33,495)
Change in net financial liabilities	3,780	53,858
Other changes	16,902	(40,088)
AT 31 DECEMBER	**76,812**	**84,243**

The overall cash flows mainly reflect:

- a flow generated from current operations for € 53.7 million (a cash inflow of € 80.8 million at 31 December 2022);
- outflows from the use of provisions for future risks and charges and of the provision for Employee Termination Indemnity (TFR) for € 9.5 million (€ 5.0 million at 31 December 2022);
- a cash flow used for changes in NWOC for € 41.5 million (€ 21,6 million at 31 December 2022), which emerged from an inflow correlated to a decrease in trade receivables for € 19.4 million (- € 96.7 million in 2022), an increase in inventories for € 1.3 million (an inflow of € 0.7 million at 31 December 2022) and a decrease in trade payables for € 59.7 million (an inflow of € 74.4 million at 31 December 2022);
- a cash absorption of € 44.5 million used in industrial investments (€ 49.8 million in 2022), net of disposals for € 2.3 million (€ 1.2 million in the same period of the previous year);
- a cash flow generated from financial investments and disinvestments of € 13.7 million in 2023, mainly linked to the amounts pledged as collateral for gas supply contracts (cash collateral), of which an amount of € 4.5 million repaid during the period and € 12.4 million reclassified among short-term financial receivables (repaid in the early months of

2024), partially offset by cash flows absorption for the acquisition of the "Major Customers" business unit (€ 0.8 thousand), the shares and quotas in Newco Duc SpA and Duc Gestione Sede Unica Scarl (€ 1.8 million) and in Stermed (€ 1.4 million), and by the effects of deconsolidation of some consortia companies put into liquidation; the figures at 31 December 2022 showed instead the use of cash flows for the net effect of financial investments and disinvestments of € 33.5 million at 31 December 2022, mainly absorbed by 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 by the amounts pledged as collateral for gas supply contracts (cash collateral) for € 16.9 million;

- an increase in net financial liabilities of € 3.8 million, mainly due to (i) net changes relating to the use of short-term credit lines for hot money and advances on invoices (+ € 12.3 million), for reverse factoring (- € 17.2 million), and for assignments with recourse of trade receivables (+ € 6.4 million); (ii) 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 (- € 17.1 million); (iii) the change in the balance of accrued interest (+ € 0.6 million); (iv) the increase in the balance for loans following the execution of the confirming credit line agreement with SACE Fct for Euro 36.0 million; (v) a decrease in financial liabilities recognized on lease agreements (- Euro 7.3 million); (vi) the effects of the fair value adjustment of the contingent liability for put options on minority interests (+ € 3.5 million). In the same period of the previous year there had been an increase in net financial liabilities of € 53.9 million, mainly due to (i) changes relating to the use of short-term credit lines for hot money and advances on invoices (+ € 9.2 million) and for reverse factoring (+ € 23.9 million), partially offset by a decrease in payables for assignments with recourse of trade receivables (- € 11.5 million); (ii) 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 (+ € 13.9 million); (iii) an increase in financial liabilities recognized on lease agreements (+ € 4.8 million); (iv) the full repayment of the loan granted to the parent company MSC (+ € 10.0 million); (v) the collection of the final tranche of the receivable claimed by Servizi Ospedalieri related to the sale of a minority interest that took place in previous years (+ € 1.1 million); (vi) the effects of the fair value adjustment of the contingent liability for put options on minority interests (+ € 0.7 million);
- an inflow arising from other changes recorded in the period for € 16.9 million, mainly due to the net effect of: (i) the cash flow generated by the performance of net VAT credit balance for the Group companies, which decreased by € 0.6 million during the period, albeit against non-recourse assignments totaling € 33.9 million; (ii) the changes in debt balances for payments due to the members of the Temporary Business Grouping for (+ € 5.3 million); (iii) an increase in payables for personnel for € 3.2 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 (- € 11.4 million); (v) the use of tax credits, specifically the tax credit on electricity and gas consumption (+ € 23.4 million); (vi) the partial repayment of receivables for guarantee deposits paid on new annual electricity and gas utility contracts (+ Euro 3.8 million).). Other changes in 2022 absorbed total flows of € 40.1 million, mainly due to the net effect of: (i) the cash flow absorbed by the trend in net VAT credit balance for the Group companies, which increased by € 3.3 million

during 2022, albeit against non-recourse assignments totaling € 35.5 million; (ii) the changes in debt balances for payments due to the members of the Temporary Business Grouping for (+ € 5.1 million); (iii) an increase in payables for personnel for € 1.4 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 (- € 5.6 million); (v) an increase in tax credits following the recognition of the tax credit on electricity and gas consumption (- € 22.2 million) and receivables for guarantee deposits paid on new annual electricity and gas utility contracts (- € 7.4 million).

Industrial and financial Capex

In 2023 the Group made gross capital expenditures which totaled € 46.8 million (€ 57.9 million in 2023), from which must be deducted disinvestments of € 2.3 million (€ 1.2 million in the same period of the previous year):

(in thousands of Euro)	For the year ended 31 December	
	2023	2022
Acquisition of owned properties	1,810	1,917
Acquisition of owned plant and equipment	35,834	32,791
Acquisition of rights of use of properties (1)	958	16,038
Acquisition of rights of use of plant and equipment (1)	2,829	2,586
Other investments in intangible assets	5,369	4,586
INDUSTRIAL CAPEX	**46,800**	**57,918**

Acquisitions of company-owned plant and equipment related to investments of € 14.0 million (€ 4.7 million at 31 December 2022) in the "centralized kitchens" (Cook&Chill) project to support the catering services provided by the Polish sub-group. The project also involved the acquisition of a plot of land for the implementation of an additional phase of the project for € 1.7 million. In 2023, Servizi Ospedalieri S.p.A. also acquired linen for the linen rental and industrial laundering business, which requires periodic and frequent repairs, for € 13.6 million (€ 12.4 million at 31 December 2022) and surgical instruments for € 1.8 million (€ 0.2 million at 31 December 2022).

Part of the investments for the period in surgical instruments of Servizi Ospedalieri was already made under lease agreements (€ 2.4 million). At 31 December 2022 the Company's acquisitions under leases amounted instead to € 0.8 million for surgical instruments and € 1.5 million for linen.

On the other hand, rights of use of properties for the period included the lease agreement signed by subsidiary Medical Device involving a building previously held in property (sale & lease back lease agreement) and such works for related upgrading as are deemed necessary (€ 0.9 million). It should be noted that in the previous year, on the other hand, the Parent Company Rekeep S.p.A. had taken over the property lease agreement concerning the registered office previously held under lease, through the acquisition of the contract from the parent company MSC S.p.A., with a fair value of € 14.9 million, as per the expert's report prepared by CBRE.

(1) Excluding the increase in rights of use for lease and long-term hire agreements

Investments in intangible assets amounted to € 5.4 million in the period (€ 4.6 million at 31 December 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 the breakdown of capital expenditures in terms of SBU:

(in thousands of Euro)	For the year ended 31 December	
	2023	2022
Facility Management	25,450	35,178
of which relating to International markets	*16,728*	*11,203*
Laundering & Sterilization	21,350	22,740
INDUSTRIAL CAPEX	**46,800**	**57,918**

In 2023, financial investments, net of disinvestments, generated financial resources for € 13.7 million. Specifically, the amounts pledged as collateral for gas supply contracts (cash collateral) of € 4.5 million were repaid during the period while the residual amount of € 12.4 million was reclassified as short-term as it can be released within 1 year from the period end date (the amounts in fact returned to being full available to Rekeep in February 2024). These flows were partly offset by outflows for the acquisition of the "Large Customers" business unit (€ 0.8 thousand), the company shares in Newco Duc SpA and quotas in Duc Gestione Sede Unica Scarl (€ 1.8 million) and Ster-med (€ 1.4 million), as well as by the effects of the deconsolidation of some consortium companies put into liquidation. In the same period of the previous year, there had been, on the other hand, a cash absorption of € 33.5 million, mainly from the transaction for the acquisition of the "Personnel Activities" business unit that took place on 1 July 2022 for € 13.8 million and from the acquisition of the residual minority interest of a subsidiary for € 1.0 million, as well as from the amounts pledged as collateral for gas supply contracts (cash collateral) for € 16.9 million.

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	Repayments/ Payments	Buy-back/ Early termination	Other changes	31 December 2023
Senior Secured Notes	364,541					1,638	366,179
Revolving Credit Facility (RCF)	0		125,000	(125,000)			0
Bank loans	838	398	60,186	(24,271)			37,152

Current bank overdraft, advance payments and hot money	15,293		27,549	(15,293)			27,549
Accrued expenses and deferred income on loans	10,631			(26,825)		27,822	11,628
BANK DEBTS	**391,303**	**398**	**212,735**	**(191,389)**	**0**	**29,460**	**442,508**
Lease obligations	48,956		14,026	(13,048)	(619)	(7,619)	41,697
Payables for assignments of trade receivables with recourse	11,806		61,947	(55,569)			18,183
Payables for reverse factoring	33,813		16,633	(33,813)			16,633
Receipts on behalf of assignees of trade receivables without recourse	28,480		11,387	(28,480)			11,387
Fair value put option	16,046					3,499	19,545
Other liabilities	10,632		1,194	(8,435)			3,391
FINANCIAL LIABILITIES	**541,036**	**398**	**317,923**	**(330,733)**	**(619)**	**25,339**	**553,344**
Current financial assets	(7,017)		(13,564)	5,036			(15,545)
NET FINANCIAL LIABILITIES	**534,019**	**398**	**304,358**	**(325,698)**	**(619)**	**25,339**	**537,799**

The residual debt on account of principal on the Senior Secured Notes was equal to € 370.0 million at 31 December 2023, to which must be added the accounting adjustment on the premium and additional issue costs, accounted for according to the amortized cost method (€3.8 million). The financial amortization of this adjustment generated financial costs of € 1.6 million in 2023. The facility also entailed the payment of six-monthly periodic interest, which impacted for € 26.6 million in the period (€ 26.8 million in the same period of the previous year).

At the same time as the issue of Notes the Company also signed a new revolving loan agreement for a maximum amount of € 75 million. The facility was partially used during the period to meet temporary cash requirements, and was promptly repaid (at 31 December 2023 the RCF facility had not been drawn down); the uses for the period entailed the charging of financial interest costs of € 1.4 million during 2023 (€ 0.9 million at 31 December 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 observed on a quarterly basis on the basis of the consolidated data relating to the last 12 months, as resulting from the financial position, results of operations and cash flows approved during the quarter prior to the date of the application for use of the credit facility. On the reporting date of these financial statements the financial covenants had been complied with.

At 31 December 2023 Bank loans increased due to 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 of SACE S.p.A. for an initial nominal amount of € 60 million, which may be repaid in 18 months as from 30 September 2023. The loan, impacting for € 2.4 million on

financial charges for the year, showed a residual debt of € 36.0 million at the end of the period. The available credit line, which may be used to pay debts to its suppliers and subcontractors, had been used in full at 31 December 2023.

Furthermore, at 31 December 2023 there was the recognition of accrued expenses on loans in a total amount of € 12.3 million (almost entirely relating to the amount accrued on the bond coupon due 1 February 2024) and prepaid financial expenses of € 0.7 million, of which an amount of € 0.4 million relating to the remaining amount of costs to be amortized for obtaining the Revolving Credit Facility, for an initial amount of € 1.3 million and amortized on a straight-line basis throughout the entire term of the credit facility (financial charges of € 0.3 million recognized during the period).

Furthermore, as at the end of the period, short-term uncommitted credit lines had been used for hot money and advance payments on invoices in order to meet peaks in temporary cash requirements linked to the physiological performance of operations of € 27.6 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 2023 assignments were made in an overall nominal amount of € 61.9 million while the facilities had been used for €18.2 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 overdraft facilities on some major suppliers, against which a liability was stated for € 16.6 million at 31 December 2023 (€ 33.8 million at 31 December 2022).

The Group recorded receipts of € 11.4 million at 31 December 2023 concerning receivables included in assignments without recourse for which the respective debtors had not made any payment to the bank accounts specified by the factor. These amounts constitute a financial liability for the Group since it acts as an agent to manage receipts on behalf of the factor, and therefore 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 and operating leases amounted to € 41.7 million at 31 December 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 € 14.0 million upon recognition, while contracts were early terminated for a remaining value of € 0.6 million. In December 2023, the property lease agreement with MPS Leasing & Factoring held by the Parent Company Rekeep, concerning the company's head office building, came to its natural expiration: the company exercised the redemption option envisaged for the transfer of ownership of the property, for a value of € 10.0 million.

Finally, contingent liabilities were recognized under financial liabilities for the acquisition of investments for a total amount of € 19.5 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” included loans taken out by the Group companies with non-banking counterparties. The balance, equal to € 3.4 million at 31 December 2023, decreased during the year, mainly due to the full redemption of the

residual debt for the acquisition of the acquisition of the "Personnel activities" business unit in 2022 and the "Major Customers business unit in 2023, as well as the partial repayment of the payable to the parent company MSC S.p.A. for the acquisition of the property lease contract with MPS Leasing & Factoring S.p.A. concerning the registered office of the Parent Company Rekeep (a residual value of € 1.6 million at 31 December 2023).

The balance of short-term financial assets showed an increase of € 8.5 million during 2023, mainly following the short-term reclassification of sums paid as collateral for the contracts for the supplies of gas (cash collateral) and not yet reimbursed as at the end of the period in the amount of € 12.4 million (as at 9 February 2024, these sums had been fully released and made available in the ordinary current accounts of Rekeep S.p.A.).

At the end of the year financial assets also included the balance of the current accounts subject to pledge used within the scope of the aforementioned agreements for the assignment of trade receivables without recourse (€ 0.8 million) and financial receivables for the assignments of the residual debt of tax credits for energy and gas to the parent company MSC S.p.A. on the part of certain Group companies (€ 0.6 million).

2.3. Financial ratios

The main financial ratios for 2023, calculated at consolidated level, compared with the same ratios recorded for 2022, are reported below.

The financial data used to calculate these ratios for the 2023 financial year are "normalized", i.e. net of the impact on the consolidated result arising from the international arbitration involving the subsidiary Rekeep Saudi CO Ltd, which are non-recurring and the significant amount of which is considered distorting for the assessment of the Company's ongoing results.

	2023	2022
ROE	-5.3%	68.3%
ROI	12.5%	13.6%
ROS	5.5%	5.5%

ROE (Return on Equity) provides a summary measurement of the return on capital invested by shareholders. The ratio reflects a Normalized consolidated net loss in 2023, compared to an improved Equity of € 29.0 million compared to the previous year, mainly due to the effect of the carry-forward of Consolidated net results for the previous year.

ROI (Return on Investments) provides a summary measurement of the operating return on capital invested in a business. The performance reflects a Group's gross Invested Capital almost unchanged compared to the previous year (+ € 0.3 million)

against a decrease in the consolidated Normalized EBIT for the year (€ 65.6 million and € 70.9 million in 2023 and 2022, respectively).

ROS (Return on sales) provides a summary measurement of the Group's ability to convert turnover to EBIT and stood at 5.5% in 2023, in line compared to 2022: in particular, there was in 2023 a negative change in turnover, equal to 8.3% compared to 2022, and a proportional reduction in normalized consolidated operating income for the year.

	2023	2022
Current ratio (Current liabilities / Current Assets)	0.88	0.90
Capital adequacy ratio (Equity / Total Payables)	5.3%	6.1%
Ratio of financial charges to turnover (Financial charges / Revenues)	4.8%	3.4%
Liquid return ratio of assets (Cash flow / Total Assets)	4.0%	6.0%
Social security and tax debt ratio (Social security debt / Revenues)	12.8%	12.0%

The general liquidity ratio (current ratio) represents the ratio of current assets to current liabilities and expresses the company's ability to cover current outflows (i.e. current liabilities) with current income (i.e. current assets). The ratio was in line with the value posted in 2022, and was affected by the amount of the residual debt relating to the Competition Authority's fine for the FM4 tender stated under current liabilities (€ 55.2 million at 31 December 2023).

The Capital adequacy ratio decreased in the financial year as a result of the Consolidated net loss for the period included in the Consolidated Equity taken as a reference by the ratio (€ 12.5 million). It should be noted that, during the previous year, the Group had achieved a Consolidated net profit of € 27.5 million. For the same reason, in 2023 the ratio of cash flow to assets reported a decline, from 6.0% at 31 December 2022 to 4.0% at 31 December 2023. Finally, the ratio of financial charges to turnover showed a deterioration, from 3.4% at 31 December 2022 to 4.8% at 31 December 2023, mainly due to the higher financial costs incurred during the period (+ € 12.9 million).

	2023	2022
Indebtedness ratio	0.89	0.87
Medium/Long-term indebtedness ratio	0.77	0.79

The indebtedness ratio, which is the ratio of net debt to the sum of net debt and own equity, stood at 0.89 at 31 December 2023, recording a slight increase compared to the previous year thanks to an increase in financial indebtedness recorded during the year.

The medium/long-term indebtedness ratio, expressed as the ratio of consolidated financial liabilities to total sources of funding, decreased from 0.79 in 2022 to 0.77 in 2023, recording a slight decrease due to a reduction in the balance of medium/long-term loans (while the total amount of the financing sources remained substantially unchanged).

Productivity ratios

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

	2023	2022	2021
Turnover/internal and external personnel costs	1.63	1.77	1.56
Make ratio	66.8%	64.2%	63.9%

The ratio between *Revenues from sales and services* and the total amount of costs for internal and external personnel used in production (cost of employed workers, cost of external workers, services provided by consortia and professional services) came to 1.63 in 2023 (1.77 in 2022). The ratio reflects the drop in sales volumes (-8.3% compared to 2022) against a different mix of composition of operating costs (and in particular in the weight of costs for "internal" personnel", which vary in a way that is not entirely proportional compared to changes in turnover).

The "make ratio", i.e. the ratio between the cost of internal labor ("make") and the cost of services provided by third parties, services provided by consortia and professional services, showed a slight increase in 2023 which indicates the greater recourse to internal production factors than to purchasing services from external sources, linked to the mix of contracts in the backlog.

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

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

3.1 Economic results in 2023

The main income data of the Parent Company Rekeep S.p.A. for the year ended 31 December 2023, as well as a comparison with the figures from the previous year.

(in thousands of Euro)	For the year ended 31 December		Change
	2023	2022	
Revenues	641,511	790,414	(148,903)
Costs of production	(562,855)	(706,679)	143,824
EBITDA	**78,656**	**83,735**	**(5,079)**
Amortization, depreciation, write-downs and write-backs of assets	(20,813)	(12,842)	(7,971)
Accrual of provisions for risks and charges	(3,937)	(5,957)	2,020
Operating Income (EBIT)	**53,905**	**64,935**	**(11,030)**
Income (charges) from investments	908	10,730	(9,821)
Net financial charges	(38,264)	(31,404)	(6,861)
Profit before taxes	**16,549**	**44,261**	**(27,712)**
Income taxes	(9,877)	(3,478)	(6,399)
Profit (loss) from continuing operations	**6,672**	**40,783**	**(34,111)**
Profit (loss) from discontinued operations	**0**	0	**0**
NET RESULT	**6,672**	**40,783**	**(34,111)**

In 2023, Rekeep S.p.A.'s revenues showed a decrease of € 148.9 million compared to the value posted in 2022.

The Parent Company Rekeep S.p.A. contributed a substantial portion of consolidated results to the Group (about 54.1% of consolidated Revenues), internally developing operational structures for the traditional business of facility management, as well as administrative and technical functions for most of other Group companies, as well as of the Parent Company itself.

More than 60% of the Company's activities consist of the provision of essential healthcare services, to which must be added customers as Public Entities (Schools, public offices, ministries etc.), and major private customers.

The performance in terms of revenues recorded by the Parent Company in 2023 was affected by falling prices, particularly of energy, which affects the pricing charged to customers, especially in energy service contracts..

The Company's EBITDA for 2023 amounted to € 78.7 million against € 83.7 million in 2022 and included non-recurring items for € 2.9 million and € 2.7 million, respectively. After excluding these non-recurring elements from the relevant values, Adjusted EBITDA came to € 81.6 million at 31 December 2023 (equal to 12.7% of related Revenues), against Adjusted EBITDA of € 86.5 million at 31 December 2022 (equal to 10.9% of related Revenues), showing that relative margins remained stable, which was supported by the recognition of 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 until the half-year of 2023, equal to € 11.6 million at 31 December 2023 (€ 24.2 million in energy and natural gas tax credits recognized in the previous year).

The Parent Company contributed to consolidated EBITDA for about 66% in 2022.

As regards operating costs, there were lower *Costs of raw materials and consumables* for € 87.0 million following the drop in the prices of raw materials, in particular in fuel costs. Furthermore, there were lower *Costs of services* for € 28.0 million and lower *Personnel costs* for € 27.7 million. The trend recorded on revenues also reflects production costs, although with a different performance in the various cost items (due to a different mix of services rendered) and in a non- proportional manner, partly because of a well-established cost efficiency policy which was applied in support of profit margins as early as in previous years.

The average number of employees that worked for Rekeep S.p.A. during 2023 was equal to 9,193 units (blue collars: 8,594 units) decreasing from 10,505 units at 31 December 2022 (blue collars: 9,924 units). As stated for costs for services and consumption of materials, the number of employees, and specifically of manual workers, is closely linked to the mix of services that are in the process of being performed.

Finally, *Other operating costs* amounted to € 4.2 million at 31 December 2023 against € 5.3 million in the previous year, thus showing a decrease of € 1.1 million.

In 2023 **EBIT** came to € 53.9 million, against € 64.9 million at 31 December 2022, including non-recurring elements for a charge of € 2.9 million and an income of € 0.4 million, respectively. After excluding these non-recurring elements from the relevant values, Adjusted EBIT amounted to € 56.8 million at 31 December 2023 (equal to 8.9% of related Revenues), against Adjusted EBIT of € 64.5 million at 31 December 2022 (equal to 8,2% of related Revenues). EBIT at 31 December 2023 was determined, starting from the EBITDA described above, by: (i) *amortization and depreciation* equal to € 10.9 million against € 11.3 million at 31 December 2022, of which an amount of € 4.9 million relating to amortization of intangible assets (€ 4.7 million at 31 December 2022) and € 6.0 million relating to depreciation of property, plant and equipment (€ 6.6 million at 31 December

2022); (ii) *net write-downs of trade receivables* amounted to € 2.7 million (€ 1.7 million at 31 December 2022) and included some specific write-downs concerning pending disputes; (iii) *write-downs of equity investments*, equal to € 7.2 million at 31 December 2023, mainly related for € 6.8 million to the subsidiary Telepost S.r.l., in order to adjust the value of the investment recorded in the financial statements at the company's projected levels of operations, and for € 0.4 million to the subsidiary Roma Multiservizi S.p.A. which was put into liquidation with effect from 18 January 2024 (a net release of € 0.2 million in the previous year); (iv) provisions for future risks and charges (net of reversals) of € 3.9 million compared to € 6.0 million at 31 December 2022, when there was the recognition of a net release of the provision for risks and charges set aside in previous years for non-recurring additional costs that are expected to be incurred on some energy contracts, as restated following the issue of a clarification in terms of regulations (an income of € 3.2 million).

To EBIT must be added Dividends and net income from equity investments amounting to € 0.9 million, compared to a balance of € 10.7 million in the previous year. This item mainly includes dividends collected from investee companies, as detailed below:

(in thousands of Euro)	Year ended 31 December	
	2023	2022
Servizi Ospedalieri S.p.A.	0	8,000
H2H Facility Solutions S.p.A.	167	1,330
Telepost S.r.l.	317	818
MFM Capital S.r.l.	26	276
Other minor dividends	121	211
DIVIDENDS	**631**	**10,635**

In 2023 net capital gains were accounted for following the derecognition of non-strategic equity investments for disposals or the completion of the winding-up process for € 0.3 million (€ 0.1 million at 31 December 2022).

In 2023, *Financial income* decreased by € 0.6 million compared to the previous year, when the Company obtained the recognition of default interest income to a customer in court for € 1.5 million.

The impact of *financial charges* on the Company's results of operations was equal to € 45.7 million, recording an increase of € 7.4 million in 2023 compared to 2022 (€ 38.2 million).

Financial costs for the period included charges accrued on the coupons of the Senior Secured Notes, which amounted to € 26.6 million in 2023 (€ 26.9 million in the same period of the previous year, as well as the upfront fees relating to the issue of the Senior Secured Notes in 2021, accounted for according to the amortized cost method, which entailed financial amortization charges of € 1.6 million in the period (€ 1.5 million at 31 December 2022).

At the same time as the bond issue, the Company entered into a new Super Senior Revolving loan agreement for € 75.0 million, costs of which (initially equal to € 1.3 million) are also amortized on a straight-line basis throughout the term of the credit facility and entailed the payment of financial charges of € 0.9 million in the period (including commitment fees charged by banks), compared to € 0.8 million in the same period of the previous year. Furthermore, the use of the facility during the period entailed the charging of financial costs equal to € 1.4 million (€ 1.0 million at 31 December 2022). The facility was partially used to meet temporary cash requirements (if any), and was promptly repaid.

The new confirming credit line of € 60 million entered into on 20 April 2023 by the Company with SACE Fct S.p.A., the factoring company of the SACE Group leading the transaction, and Banca Sistema S.p.A, entailed the payment of financial charges of € 2.4 million in 2023.

Finally, interest discount costs were recognized in relation to the assignments of trade and VAT receivables without recourse for € 2.8 million in 2023 (€ 2.6 million in the same period of the previous year). Furthermore, assignments with recourse and reverse factoring lines generated financial costs of € 2.7 million at 31 December 2023 against financial costs of € 1.6 million at 31 December 2022.

From the profit before taxes must be deducted taxes of € 9.9 million (€ 3.5 million at 31 December 2022), thus obtaining a *Net result* of € 6.7 million (against a *Net result* of € 40.8 million at 31 December 2022). Below is the breakdown of the tax rate for the year:

(in thousands of Euro)	For the year ended 31 December	
	2023	2022
Profit before taxes	**16,549**	**44,261**
Current, prepaid and deferred IRES tax, including income and expenses from Tax consolidation	(6,742)	(5,576)
Current, prepaid and deferred IRAP tax	(3,094)	(3,862)
Tax adjustments for previous years	(42)	5,959
Income taxes	**(9,877)**	**(3,478)**
Net profit (loss) from continuing operations	**6,672**	**40,783**
Total Tax rate	**59.7%**	**7.9%**

The Company's tax rate at 31 December 2023 was affected by some items excluded from taxable base for tax purposes. Compared to the previous year the Company recognized higher current, prepaid and deferred taxes for € 6.4 million during the period, mainly due to the recognition of income totaling € 5.3 million in 2022 following the submission by Rekeep S.p.A. of the supplementary tax returns of Income 2017-2022 and IRAP (Regional Production Activity Tax) 2017–2022 forms.

3.2 Statement of financial position

The table below reports the Sources and Uses:

(in thousands of Euro)	31 December 2023	31 December 2022
USES		
Trade receivables and advances to suppliers	293,775	340,789
Inventories	237	345
Trade payables and contract liabilities	(258,996)	(327,247)
Net working operating capital	**35,015**	**13,887**
Other working capital elements	(87,551)	(92,121)
Net working capital	**(52,535)**	**(78,233)**
Property, plant and equipment and assets under finance leases	22,357	23,008
Rights of use for operating leases	15,218	15,148
Intangible assets	342,118	342,133
Investments	160,671	140,995
Other non-current assets	57,273	76,427
Fixed assets	**597,638**	**597,711**
Non-current liabilities	(40,453)	(40,586)
NET INVESTED CAPITAL	**504,649**	**478,893**
SOURCES		
Shareholders' equity	127,256	120,744
Net financial indebtedness	377,393	358,149
TOTAL FINANCING SOURCES	**504,649**	**478,893**

Net working capital

Net working capital (**NWC**) posted a loss of € 52.5 million at 31 December 2023, with a decrease in absolute value equal to € 25.7 million compared to the net liability posted at 31 December 2022 (a loss of € 78.2 million).

Net working operating capital (**NWOC**), composed of Trade receivables and advances to suppliers and inventories, net of trade payables and contract liabilities, stood at € 35.0 million at 31 December 2023, while it was equal to € 13,9 million at 31 December 2022. The balance of Trade Receivables and advances to suppliers decreased by € 47.0 million, while Trade payables and contract liabilities showed a decrease of € 68.3 million. The Company made assignments of trade receivables without recourse to Factors for € 228.5 million in the year, while the balance of receivables assigned and not yet collected by

the latter at the reporting date amounted to € 43.9 million (€ 77.0 million at 31 December 2022). The **Adjusted NWOC** came to € 78.9 million and € 90.9 million, respectively, during the two years under comparison.

The balance of Other elements in working capital at 31 December 2023 consisted of a net liability of € 87.6 million (€ 92.1 million at 31 December 2022):

(in thousands of Euro)	31 December 2023	31 December 2022	Change
Current tax receivables	4,405	3,242	1,164
Other current assets	23,658	43,394	(19,736)
Provisions for risks and charges, current	(7,280)	(11,807)	4,527
Current tax payables	0	(23)	23
Other current liabilities	(108,334)	(126,926)	18,592
OTHER ELEMENTS IN WORKING CAPITAL	**(87,551)**	**(92,121)**	**4,570**

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

- a reduction in the residual debt for the Competition Authority's fine following the payment of the installments scheduled in the installment payment plan, equal to € 55.2 million at 31 December 2023 (€ 66.6 million at 31 December 2022);
- the recognition of higher net income tax receivables of € 1.1 million compared to the previous year;
- a decrease in the short-term portion of provisions for risks and charges of € 4.5 million;
- a reduction in the remaining balance of tax credits, not yet used at the end of the period, 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, amounting to € 0.2 million at 31 December 2023 (€ 20.4 million at 31 December 2022);
- the partial repayment of guarantee deposits on new annual electricity and gas utility contracts for € 2.8 million (from € 6.1 million at 31 December 2022 to € 3.2 million at 31 December 2023).

Fixed assets

Fixed assets include the following main items:

(in thousands of Euro)	31 December 2023	31 December 2022	Change
Property, plant and equipment	22,053	8,123	13,930
Right-of-use assets	15,523	30,033	(14,510)

(in thousands of Euro)	31 December 2023	31 December 2022	Change
Goodwill	326,421	326,421	0
Other intangible assets	15,697	15,712	(15)
Equity investments in subsidiaries, associates and joint-ventures	160,671	140,995	19,676
Other investments	5,980	5,980	0
Non-current financial assets	37,476	55,904	(18,429)
Other non-current assets	2,584	2,134	450
Deferred tax assets	11,233	12,408	(1,176)
FIXED ASSETS	**597,638**	**597,711**	**(73)**

The most substantial changes concerned:

- an increase in the balance of "Equity investments in subsidiaries, associates and joint-ventures" of € 19.6 million, mainly due to the increases for capital contributions of € 25.0 million on behalf of the subsidiary Rekeep World S.r.l., and for the acquisition of an additional 22% quota of DUC Gestione Sede Unica S.c. a r.l. (from 49% to71% and obtaining the control) and 19.91% of Newco DUC S.p.A. (in two different transactions carried out during the period, from 24.90% to 44.81%) and write-downs of the value of the investment recognized in the financial statements mainly relating to the subsidiary Telepost S.r.l. (€ 6.8 million), in order to adjust the value of the investment stated in the financial statements to the downsizing of the company's operations, and Roma Multiservizi S.p.A. (€ 0.7 million to the subsidiary), which was put into liquidation with effect from 18 January 2024;
- a decrease in non-current financial assets of € 18.4 million, mainly relating to the amounts pledged as collateral for gas supply contracts (cash collateral), of which an amount of € 4.5 million repaid during the period and € 12.4 million reclassified among short-term financial receivables (and repaid in early 2024),
- a decrease in the net book value of the right-of-use assets recognized against leases, property leases and long-term hire for the motor vehicles of the corporate fleet (€ 14.5 million). During 2023 new agreements and ISTAT (Italian Statistics Institute) adjustments were signed for a total amount of € 5.3 million while in December 2023 the lease agreement with MPS Leasing & Factoring S.p.A. expired for the Company's head office building, in which it took over from its parent company MSC S.p.A. in 2022: Rekeep S.p.A. exercised the planned final redemption option, resulting in the acquisition of full ownership of the property with ae remaining net book value of € 14.5 million.

Other non-current liabilities

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

- TFR (employee benefits), equal to € 3.2 million and € 3.6 million at 31 December 2023 and 31 December 2022, respectively;

- long-term portion of provisions for future risks and charges equal to € 26.0 million at 31 December 2023 and € 25.1 million at 31 December 2022;
- deferred tax liabilities of € 11.3 million (unchanged compared to the balance at 31 December 2022).

Financial indebtedness

The Parent Company's financial indebtedness at 31 December 2023 and at 31 December 2022 is reported below:

(in thousands of Euro)	31 December 2023	31 December 2022
Long-term financial liabilities	379,500	378,326
Bank borrowings and current portion of long-term debt	94,863	101,063
GROSS FINANCIAL INDEBTEDNESS	**474,363**	**479,389**
Cash and cash equivalents	(32,648)	(55,291)
Other current financial assets	(64,322)	(65,949)
FINANCIAL INDEBTEDNESS	**377,393**	**358,149**

Financial indebtedness amounted to € 377.4 million at 31 December 2023, against € 358.1 million at 31 December 2022. The figure relating to the adjusted financial debt, which includes the balance of trade receivables assigned to the factor without recourse and not yet collected on the reporting date (€ 43.9 million at 31 December 2023 and € 77.0 million at 31 December 2022) decreased from € 435.2 million at 31 December 2022 to € 421.3 million at 31 December 2023.

The residual debt on account of principal on the Senior Secured Notes was equal to € 370.0 million at 31 December 2022, to which must be added the accounting adjustment on the premium and additional issue costs, accounted for according to the amortized cost method (€ 3.8 million). At the same time as the issue of Notes the Company also signed a new revolving loan agreement for a maximum amount of € 75 million. The facility was partially used during the period to meet temporary cash requirements, and was promptly repaid (at 31 December 2023 the RCF facility had not been drawn down).

In 2023 the short-term debt of Rekeep S.p.A. decreased due to a lower use of credit lines for bank overdraft, advance payments and hot money, assignment of trade receivables with recourse and reverse factoring, as well as to the 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, totaling € 34.4 million (€ 77.3 million at 31 December 2022).

Furthermore, in December 2023 the property lease agreement with MPS Leasing & Factoring S.p.A. expired, which concerned the Company's head office building: Rekeep S.p.A. has exercised the redemption option, paying an outlay of € 10.0 million.

On the other hand, at 31 December 2023, the short-term bank loans included the residual debt of the confirming credit line, equal to € 36.0 million, made available by SACE Fct S.p.A. and Banca Sistema with counter-guarantee of SACE S.p.A. for an initial nominal amount of € 60 million, which may be repaid in 18 months as from 30 September 2023, signed by Rekeep S.p.A.

on 20 April 2023. The available credit line may be used to pay debts to its suppliers and subcontractors: the line had been used in full at 31 December 2023.

At the end of 2023 there was the recognition of accrued expenses on loans in a total amount of € 12.3 million, mainly relating to the amount accrued on the bond coupon due 1 February 2024 (€ 11.7 million at 31 December 2022).

In 2023, the balance of the short-term financial assets decreased by € 1.6 million, mainly due to a reduction in the credit balances of current financial accounts to Group Companies and of current accounts pledged and used within the scope of the aforementioned agreements for the non-recourse assignment of trade receivables (- € 3.8 million), partially offset by the increase due to the short-term reclassification of amounts paid as collateral for gas supply contracts (cash collateral) and not yet repaid at the end of the period for € 12.4 million (as at 9 February 2024 these amounts had been fully released and made available in the ordinary current accounts of Rekeep S.p.A.).

Industrial Capex

In 2023 industrial capex incurred by the Company totaled € 6.2 million (€ 20.6 million at 31 December 2022) against disinvestments of less than € 0.4 million (€ 0.1 million in the previous year):

(in thousands of Euro)	For the year ended 31 December	
	2023	2022
Acquisition of owned plant and equipment	1,112	1,553
Acquisition of rights of use of properties [(1)]	0	14,900
Acquisition of rights of use of plant and equipment [(1)]	275	0
Other investments in intangible assets	4,848	4,189
INDUSTRIAL CAPEX	**6,235**	**20,642**

With regard to industrial investments, it should be noted that, in 2022, Rekeep S.p.A. signed the takeover of the property lease agreement in place with MPS Leasing & Factoring S.p.A. from the parent company MSC S.p.A., with the simultaneous recognition of the fair value of the property in the amount of € 14.9 million, as per the appraisal report prepared by CBRE, and the simultaneous early settlement of the liability previously recorded against the right of use on the lease from the parent company of the same property in the amount of € 6.9 million.

[(1)] excluding the increase in rights of use for lease and long-term hire agreements

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

(in thousands of Euro)	31 December 2023		31 December 2022	
	Profit (loss) for the year	Shareholders' equity	Profit (loss) for the year	Shareholders' equity
SHAREHOLDERS' EQUITY AND PROFIT (LOSS) FOR THE YEAR AS SHOWN IN THE FINANCIAL STATEMENTS OF THE PARENT COMPANY	**6,672**	**127,256**	**40,783**	**120,744**
- Elimination of consolidated equity investmentvalues	275	(205,400)	(971)	(179,655)
- Accounting of Shareholders' Equity to replace the values eliminated		48,665		48,846
- Allocation to consolidation difference		74,285		55,986
- Recognition of financial costs on options	(4,506)	(4,506)	(699)	(699)
- Dividends distributed to Group companies	(4,028)		(10,298)	
- Profit generated by consolidated companies	(44,699)	(44,699)	(9,552)	(9,552)
- Associates and Joint ventures valued at equity	(11)	4,441	306	3,414
- Tax effects on consolidation adjustments	(6)	(22)	119	(15)
- Reversal of statutory write-downs	33,080	55,463	7,438	27,793
- Other consolidation adjustments	2	3	5	1
Total consolidation adjustments	**(19,893)**	**(71,770)**	**(13,653)**	**(53,883)**
Shareholders' equity and profit (loss) for the year pertaining to the Parent Company	**(13,221)**	**55,486**	**27,131**	**66,861**
Shareholders' equity and profit (loss) for the year pertaining to Minority Interests	690	6,515	368	6,097
SHAREHOLDERS' EQUITY AND PROFIT (LOSS) FOR THE YEAR AS SHOWN IN THE CONSOLIDATED FINANCIAL STATEMENTS	**(12,531)**	**62,001**	**27,499**	**72,958**

4. INTERNAL CONTROL SYSTEM AND RISK FACTORS

As regards business risks, the main risks linked to the market in which the Group operates (market risks), to the unique activities performed by Group companies (operating risks) and financial risks, are shown below.

Risk factors

Risks related to competition

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

Compliance risks

The Rekeep Group operates in an environment that is subject to regulations that are monitored on an ongoing basis, especially with regard to occupational health and safety, competition regulations, corruption prevention, data protection in the area of privacy, and, in general, all relevant regulatory provisions.

Cyber risks

The Rekeep Group is engaged in a digital transformation program that affects its relationships with its stakeholders. The sustainability of the new operating model must ensure the protection of personal, business and operational data, as well as the continuity of operations. In this context, Rekeep S.p.A. has decided to launch a three-year strategic program "Rekeep Cyber-resilience" aimed at the prevention and management of cyber risk for all Italian companies of the Group and promotes the adoption of best practices for the others.

The "Rekeep Cyber-resilience" program highlights the Group's commitment to preventing and countering cyber-attacks by taking appropriate measures to protect the data of key stakeholders such as customers, suppliers, employees and those who collaborate with the Group for various reasons. The risk-based program consists of activities distributed over three pillars: Technology, People, Processes and Governance.

Rekeep conducts annual penetration tests and uses network control agents to detect anomalous situations in servers and end points. These activities help identify and remove IT vulnerabilities and risk situations to which the company may be exposed. In particular, penetration tests are an important tool to become aware of vulnerabilities in the corporate network by simulating a real cyber attack to identify any gaps in security systems and be able to correct them. The use of network control agents, on the other hand, is another measure to monitor IT operations on an ongoing basis and take action in a timely fashion.

Financial risks

With regard to financial risks (liquidity, credit, interest rate, exchange and price risks) the Group deals in the performance of its operations, reference should be made to note 35 of the explanatory Notes to the Consolidated Financial Statements.

Internal control system

The Internal Control System is the set of rules, procedures and organizational units for the identification, measurement, management and monitoring of risks. The Internal Control System, which is set out according to national and international best practices, is structured into the following three levels of control:

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

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

The bodies which perform 2nd and 3rd-level control functions in Rekeep include:

- Internal Audit & Antitrust Compliance Office
- the “Organismo di Vigilanza (ODV)” – Supervisory Board, pursuant to Legislative Decree 231/01.

Internal Audit & Antitrust Compliance Office control activities

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

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

Supervisory Board’s activities under Legislative Decree 231/2001

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

The Supervisory Board at 31 December 2023 was composed of:

- two third-party professionals
- an internal member who also took on the position of Chairman of the Board itself.

The Board of Directors' meeting of Rekeep held on 14 March 2024 renewed the composition of the SB, appointing the 3 members, chosen from third-party professionals.

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

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

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

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

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

5. ORGANIZATIONAL MODEL PURSUANT TO LEGISLATIVE DECREE 231/2001

On 16 February 2024, the Board of Directors of Rekeep approved the current version of the Organizational, Management and Control Model under Legislative Decree 231/2001, following the previous updating it approved on 14 July 2023 in accordance with the latest regulatory guidelines in the matter of the administrative liability of Entities.

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

Rekeep S.p.A. encourages and promotes the adoption of Organizational, Management and Control Models on the part of the Group Companies, since they provide for policies and measures that are aimed at: i) ensuring that activities are carried out in

compliance with the law; ii) identifying and removing risk situations; iii) imposing sanctions for any instance of non-compliance with the provisions laid down in the document.

6. ANTITRUST CODE OF CONDUCT

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

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

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

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

7. CODE OF ETHICS

The Code of Ethics sets forth the principles and values to which Rekeep and its wholly-owned subsidiaries base their activities and the conduct of their business, as well as the set of rights, duties, rules of conduct and responsibilities with respect to all parties with whom they enter into relations in pursuit of their corporate purpose. The new Code of Ethics of the Rekeep Group was revised and published by resolution of the Board of Directors of Rekeep S.p.A. passed on 18 May 2023.

8. WHISTLEBLOWING

On 14 July 2023, Rekeep S.p.A. complied with the provisions of Legislative Decree 24/2023 by establishing a reporting channel under the so-called Whistleblowing legislation, adopting the procedure for handling reports, and appointing a third-part officer as the person in charge of the channel.

9. UPDATE SUI LEGAL PROCEEDINGS

The updates are reported below for the 2023 financial year on the disputes described in the explanatory notes to the Parent Company's Consolidated and Separate Financial Statements to which reference should be made for more details.

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 in 2023.

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 orders for the new calculation of the fine before the Regional Administrative Court. Finally, on 22 December 2020 the Competition Authority served on the Company its appeal against the Lazio Regional Administrative Court's order, while requesting the confirmation of the order on the FM4 tender, including the initial fine equal to € 91.6 million. On 20 January 2022 discussion on the merits was held before the Council of State, which rejected the Company's appeal 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 to be inadmissible following the hearings for discussion of the merits held on15 June 2023 and 4 April 2023, respectively. The Company, through its attorneys, filed an appeal before the European Court of Human Rights in relation to the Council of State's judgment that settled the case by revocation, which, in a decision adopted on 25 January 2024, declared the appeal to be inadmissible. An appeal was also brought to the Supreme Court against the Council of State's judgment that had rejected the appeal by 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 31 December 2023 is included in the explanatory notes (notes 15 and 18), to which reference is made.

10. HUMAN RESOURCES AND ORGANIZATION

As at the closing date of the 2023 financial year, the Rekeep Group employed 24,876 people (at 31 December 2022: 26,551 people). The Group's employees working outside Italy are equal to 11,422 people (at 31 December 2022: 11,964 people).

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

	31 December 2023	31 December 2022
Executives	74	63
White collars	1,770	1,784
Blue collars	23,032	24,704
EMPLOYEES	**24,876**	**26,551**

Prevention and protection

During 2023 the Prevention and Protection Service department of Rekeep did not undergo changes except for the turnover of the Service Manager.

The system of delegated powers concerning safety at work was kept updated and consistent with the changes that took place at organizational level in the Company and in the Group during 2023.

Rekeep S.p.A. maintained the ISO 45001 certificate, which had been reissued by RINA Services (an accredited certification body) in 2021, following the completion of the recertification process, which involved an audit of the entire scope of company certification and will expire in 2024.

In 2023 the Company's Prevention and Protection Service department conducted 44 audits, distributed throughout all the areas. These audits were carried out to check for compliance with the regulations governing occupational safety. Audits are also carried out by other Group companies.

Rekeep S.p.A., as per the schedule, continued its work on health surveillance during 2023, which is carried out on the staff members employed based on their duties in compliance with the health protocol attached to the Company's Risk Assessment Document. About 5,059 medical examinations were conducted, including periodic, long-term work absence, pre-employment and on-demand checks. The trend in the Company's rate of accidents, as well as of the state of health of the staff under health surveillance, is updated and available for the areas through the company intranet, together with the data relating to other causes of absenteeism. Health surveillance is also active at other Group companies.

Rekeep S.p.A. monitors accidents on an ongoing basis, which are detailed in terms of their causes, dynamics and material agents that determined the event. In 2023, there was a significant reduction in the number of accidents (-6%) and their duration (-2%) compared to 2022. The trend in accident rates showed a slight increase.

The Company continues to focus on prevention through increased surveillance and monitoring of compliance with safety requirements, in terms of behavior, use of means, infrastructure, etc., at work sites and operating locations in which Rekeep S.p.A. personnel operate in order to prevent situations which might result in harm to health and safety in the workplace.

The number of hours of specific training provided was also significant (more than 39,370) on HSE topics (safety officers, emergency management, specific risks, qualifications, etc.). On the other hand, the supervisors' work of reporting and monitoring must be still strengthened in relation to accidents and near misses.

Below are the rates calculated for Rekeep S.p.A. (data updated at 31 December 2023, net of events not recognized by INAIL (Italian Institute for Insurance against Accidents at Work) to date):

	2023	2022	2021	2020	2019
Impact (no. of accidents x 1,000/average number of workers)	48.21	44.65	53.67	55.93	64.08
Frequency (no. of accidents x 1,000,000/total worked hours)	38.55	33.45	43.42	50.90	52.26
Severity (days of accident +relapses x 1,000/ total worked hours)	0.96	0.87	1.00	1.24	1.30

There were no fatal accidents at work during 2023.

The surveillance work is also ensured on an ongoing basis at other Group companies.

There are currently 10 Workers' Safety Representatives at Rekeep S.p.A. distributed throughout the Areas. In 2022 they were involved in a training/education plan on occupational safety.

12 Health and Safety at Work inspections were also conducted at Rekeep S.p.A. during the year by control bodies (Local Health Authorities (ASL) and Provincial Labor Head Offices) on operating units located throughout the country. There was a decrease in supervisory activities compared with 2022.

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

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

Finally, with regard to waste management, no instances of non-compliance and related fines were reported by the control bodies during 2023, nor were any sanctions applied to Group companies.

Training

The Group involved 11,393 participants during 2023, for a total of 74,672 training hours, of which 53,700 relating to Rekeep S.p.A.. The table below shows the comprehensive results for the 2023 financial year, divided into subjects and compared to the 2022 data:

	FY 2023		FY 2022	
Subject	**Participants**	**Hours**	**Participants**	**Hours**
Safety, Quality and Environment	8,432	56,070	8,285	66,215
Technical-professional	1,641	10,674	1,833	7,740
IT	953	636	114	874

	FY 2023		FY 2022	
Subject	**Participants**	**Hours**	**Participants**	**Hours**
English language	111	2,520	169	4,448
Management	256	4,772	78	4,138
TOTAL	**11,393**	**74,672**	**10,479**	**83,415**

With regard to Safety, work continued on training dedicated to the role of supervisor, with resulting in training for First Aid and Fire Prevention courses as well. In addition, the Company delivered specific training in “high risk” to more than 460 employees among the staff members working in integrated services. In the areas of Safety, Quality and Environment, courses were also delivered for safety managers, electrical risks, fire prevention and first aid, work at height, confined environments and spaces, food service providers, courses with equipment and related updates. Training to all staff on Privacy and SA8000 issues was enhanced in 2023.

In the Technical/Professional area the Company continued to invest in the qualification of its resources. In fact, qualifications were enhanced (F-gas, Thermal, Welder, Steam) and the first ten-year renewals were held in relation to the refrigeration engineer license. We also acquired new certifications for our staff and maintained those previously obtained on scopes of Building Information Modeling, Energy Management Expert (EGE), Contract Management and Renewable Energy Sources (FER). Furthermore, courses were held on the topics of New Code of Public Contracts, Antitrust, Legal Affairs and Design Thinking. Training for health workers on operational methodologies was also enhanced, involving more than 400 people.

Training sessions continued for employees enrolled with the Council of Engineers and Architects, which were necessary in order for them to retain their registration (CFP), concerning issues of Gender equality and inclusion, and Waste management and Project Management.

In the area of information technology, in addition to refresher courses related to collaboration programs (Teams, Onedrive), customized training pills were developed on the area of cybersecurity and corporate data protection. Access to courses on e-learning platforms was also improved and facilitated.

In the language area, work continued on English courses, conducting classrooms in online mode involving colleagues from different offices and companies together.

In the managerial area, work continued on training to support the development of employees' interpersonal and soft skills continued, with courses on the topics of Leadership, negotiation and conflict, management of collaborators and communication techniques. Specifically, in 2023, we organized customized programs for Operations Group Managers and second-line managers under contracts in the area of hygiene, to enhance and increase awareness of their role. In addition, empowerment programs were organized, on a hospital contract, both on technical and communication skills, aimed at making the process of welcoming newly hired staff more effective.

The Company continued with new hires of some colleagues for part-time Executive MBA training at the Alma Mater Studiorum Bologna Business School in 2023 too.

11. ENVIRONMENT AND QUALITY

During 2023 the Parent Company Rekeep S.p.A. maintained, following the recertification audits carried out by RINA Services (the accredited certification body), the following certifications:

- ISO 9001:2015 (Quality Management System),
- ISO 14001:2015 (Environmental Management System),
- ISO 45001:2018 (Occupational Health and Safety Management System),
- UNI EN 14065:2016 (Laundry processed textiles - Bio-contamination control system)
- ISO 50001:2018 (Energy Management Systems),
- UNI CEI 11352:2014 (Delivery of energy services).

During the reporting period there was the recertification of:

- the Qualifying company certification with respect to the requirements of Regulation (EC) no. 842/2006 and Presidential Decree 43/2012
- the SA8000:2014 system (Social Accountability System),

During the period under consideration the EPD (Environmental Product Declaration) Validation certification was maintained, following audits carried out by SGS (the accredited certification body), in compliance with general program instructions v. 3.01 (international EPD system), PCR 2011:03, professional cleaning services for buildings (version 2.11, IES) for the Hospital cleaning service.

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

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

Servizi Ospedalieri S.p.A.	Renewal of the following certifications: › UNI EN ISO 9001:2015 (Quality Management System) › UNI EN ISO 13485:2016 (Quality Management System. Requirement for regulatory purposes) › UNI EN 14065:2016 (Laundry processed textiles. Bio-contamination control system) › UNI EN ISO 20471:2017 (High-visibility clothing – testing methods and requirements)

	› UNI EN ISO 45001: 2018 (Occupational Health and Safety Management System) › UNI EN ISO 14001:2015 (Environmental Management System). Maintenance of the following certifications: › EC certification in compliance with Directive 93/42/EEC for the production of sterile kits › EC certification in compliance with Regulation (EU) 2016/425 for the some Personal Protective Equipment. Achievement of the following new certifications: › SA8000:2014 › UNI CEI EN ISO 50001:2018 (Energy Management System – Requirements and guidelines for use ") › *"Made Green* Italy" certification.
Medical Device S.r.l.	Renewal of the following certifications: › Quality system according to UNI EN ISO 9001:2015 (Quality Management System) › UNI EN ISO 13485:2016 (Quality Management Systems. Requirements for regulatory purposes"). Maintenance of the following certifications: › Environmental Management System according to standard UNI EN ISO 14001:2015 (Environmental Management System) › EC certification in compliance with Directive 93/42/EEC for the production of o sterile disposable kits o sterile disposable custom packs o sterile disposable clothing o sterile disposable drapes o sterile disposable accessories and instruments Renewal of the certification:: › the EC certification for disposable gowns as 3rd-category personal protective equipment in accordance with Regulation (EU) 2016/425 (in progress). Finally, product registration (CVC kits) for sale in the United Kingdom was completed and work commenced on MDSAP Certifications for sales of products in the Brazilian market.
U.Jet S.r.l.	Maintenance of the following certifications: › the Quality System certification according to standards UNI EN ISO 9001:2015 (Quality Management System) › UNI EN ISO 13485:2016 (Quality Management Systems. Requirements for regulatory purposes") › EC certification according to the Directive 93/42/EEC Annex II for the production of: o sterile disposable kits o sterile disposable surgical procedure packs o sterile disposable equipment (Clothing, Covers, Drapes and Specialist surgical drapes) o Bags and systems for collecting and conveying Liquids and Fluids o sterile disposable Ophthalmology devices
Rekeep Digital S.r.l.	Maintenance of the following schemes: › ISO 9001:2015 (Quality Management System) › ISO 18295-2: 2017 (Customer contact centres – Requirements for clients using the

	services of customer contract centres). The following scheme was recertified, according to accredited references › ISO 18925-1:2017 (Customer contact centres – requirements for customer contact centres)
Rekeep Rail S.r.l.	The Company maintained the following certifications, following the audits carried out by RINA Services, the accredited certification body: ISO 9001:2015 - Quality Management System, ISO 14001:2015 - Environmental Management System, ISO 45001:2018 - Occupational Health and Safety Management System. › SA8000:2014 – Social Accountability Management System.
H2H Facility Solutions S.p.A.	Maintenance of the qualifying company certification under Regulation (EC) 842/2006, Presidential Decree 43/2012 and Accredia Technical Regulation RT-29, for installation, leakage control, servicing or repair services for fixed refrigeration and air-conditioning equipment and heat pumps containing certain fluorinated greenhouse gases. Maintenance of the following certifications: › UNI EN ISO 9001:2015 (Quality Management System) › UNI EN ISO 14001:2015 (Environmental Management System).
H2H Cleaning S.r.l.	Maintenance of the following certifications: › UNI EN ISO 9001:2015 (Quality Management System) › UNI EN ISO 14001:2015 (Environmental Management System) › UNI ISO 45001:2018 (Occupational Safety Management System) › SA8000:2014 (Social Accountability Management System). The following certification was obtained: › UNI EN ISO 30415:2021 (Diversity and inclusion Management System)
Telepost S.r.l.	Maintenance of the following certifications: › UNI EN ISO 9001:2015 (Quality Management System) › UNI EN ISO 14001:2015 (Environmental Management System).
Rekeep France sub-group	Maintenance of the following certification: › QUALIPROPRE (Quality of cleaning and related services)
Sub-gruppo Rekeep Polska	Maintenance of the following certifications, following the audits carried out by IQS CERT Sp. z o.o.: › ISO 9001:2015 - Quality Management System; › ISO 14001:2015 - Environmental Management System; › ISO 45001:2018 - Occupational Health and Safety Management System; › ISO 22000:2018 – Food Safety Management Systems; › HACCP system – according to the Polish food code CAC/RCP 1-1969, rev. 4(2003) Maintenance of the following certification following the audits carried out by TUV Rheinland Polska Sp. z o.o.: › Gwarant Czystości i Higieny (cleaning and hygiene services).

Rekeep Saudi LLC	Maintenance of the following certifications: › ISO 9001:2008 Quality Management System › ISO 45001:2007 Health and Safety Management System › ISO 27001:2022 Information Security Management System › ISO 2001:2018 Information Security – Service Management
EOS	Maintenance of the following certifications, following the audits carried out by BBS.: › TS EN ISO 9001:2015 Quality Management System › TS EN ISO 14001:2015 Environmental Management System › TS ISO 45001:2018 Occupational Health and Safety Management System › TS EN ISO 13485:2016 Medical devices Quality management systems Requirements for regulatory purposes- Sterilization and Disinfection Systems
Consorzio Stabile CMF	Maintenance of the following certifications following the audits carried out by RINA Services (the accredited certification body: ISO 9001:2015 (Quality Management System), ISO 14001:2015 (Quality Management System), ISO 45001:2018 (Occupational Health and Safety Management System), SA8000:2014 (Social Accountability System), ISO 50001:2018 (Energy Management System), UNI CEI 11352:2014 (Delivery of energy services) ISO 37001:2016 (Anti-bribery Management System). Qualifying company certification with respect to the requirements of Regulation (EC) no. 842/2006 and Presidential Decree 43/2012 Endorsement of its Safety Organizational and Management Model for the "Planning and delivery of cleaning, hygiene, sanitization, disinfection and disinfestation services in public and private civil, industrial, commercial and healthcare sectors". Furthermore, the following system was recertified: UNI EN 16636:2015 (Pest management and control services) The following new certifications were obtained: ISO 27001/IEC 27001:2022 Security Information Management System ISO/IEC 27017 Code of practice for information controls based on ISO/IEC 27001 for clouds services ISO/IEC 27018 Code of practice for protection of personally identifiable information – PII – in public clouds acting as PII processors UNI EN 14065:2016 Laundry processed textiles - Bio-contamination control system.

During 2023, there were no reported environmental crimes for which Group companies were finally convicted.

12. RELATED PARTIES TRANSACTIONS

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

Equity and economic transactions as at 31 December 2023 are detailed thoroughly in the explanatory Notes to the Consolidated Financial Statements and the Financial Statements of the Parent Company Rekeep S.p.A. for 2023, to which reference should be made.

13. CORPORATE GOVERNANCE

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

The "ordinary" model provides for a Board of Directors, which is responsible for management and the supervision of strategy, and a Board of Statutory Auditors with control functions. The current Board of Directors, which was appointed by the Shareholders' Meeting on 14 March 2024, will remain in office until the date of the Shareholders' Meeting called to approve the Financial Statements at 31 December 2024 while the current Board of Statutory Auditors, which was appointed by the Shareholders' Meeting on 28 April 2023, will remain in office until the date of the Shareholders' Meeting called to approve the Financial Statements at 31 December 2025.

14. RESEARCH AND DEVELOPMENT

No R&D costs were incurred and no such costs were capitalized by Group companies in 2023.

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

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

In 2023 the Company did not purchase or dispose of own shares, or shares or interests in parent companies, neither through trusts nor intermediaries.

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

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

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

17. OTHER INFORMATION

In 2023, the Group companies received certain financial benefits from public authorities or entities treated as such, as referred to in Law no. 124 of 4 August 2017 governing the "Annual market and competition act".

In particular, proceeds were earned from tax credits totaling € 17.7 million for the Group in 2023, as partial compensation for higher costs incurred for the purchase of electricity and natural gas, granted under Decree Law no. 21 of 2022 (Conversion Law no. 51 of 20 May 2022), as supplemented.

Furthermore, the Parent Company Rekeep S.p.A. and Medical Device S.r.l. entered into soft loan agreements, “Artigiancassa Loan”, “SACE Loan” and “Sabatini Loan”. More details are given in notes to the Consolidated Financial Statements and the Financial Statements of the Parent Company Rekeep S.p.A.. Finally, additional financial benefits were obtained for a lower amount, for which reference should be made to any possible information provided by the "Register of State Aids" that is published online at the website www.rna.gov.it, section “TRANSPARENCY - PERSONAL AID".

18. SECONDARY OFFICES

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

19. TAX CONSOLIDATION AGREEMENT

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

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

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

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

20. SUBSEQUENT EVENTS

Appointment of members of the Board of Directors of Rekeep S.p.A. and consequent resolutions

At the Ordinary Shareholders' Meeting held by the Sole Shareholder on 14 March 2024, the new members of the Board of Directors of Rekeep S.p.A. were appointed, consisting of 7 members, 3 of whom meet the independence requirements

prescribed by Article 148, paragraph 3, of Legislative Decree no. 58 of 24 February 1988, as well as the independence requirements prescribed in the Corporate Governance Code for Listed Companies, appointing the Chairman in the person of Director Claudio Levorato. On the same date, the Board of Directors appointed by the Shareholders' Meeting met to make appointments and grant proxies and powers. Specifically, the Board of Directors appointed Claudio Levorato as Executive Chairman, and Giuliano Di Bernardo as Chief Executive Officer of the Company.

The Board of Directors also set up board committees: the Related Parties Committee, the Nomination and Remuneration Committee, and the Control and Risk - ESG Committee, each consisting of 3 members, and appointed their members, identified as independent directors.

At the same meeting, the Board of Directors of Rekeep finally appointed the members of the Supervisory Board, composed of 3 members chosen from among third-party professionals and entrusted the mandate of the Internal Audit function, reporting directly to the Board itself, to a third-party professional while also defining its purpose, powers and responsibilities.

Proceedings under Article 2409 of the Italian Civil Code at the Group's parent company

In early 2024, some minority shareholders of the parent company MSC S.p.A. initiated proceedings pursuant to Article 2409 of the Italian Civil Code, including in relation to facts and circumstances relating to the Rekeep Group, which, however, is not a party to the proceedings. As of the date of preparation of this report, the proceedings were still pending.

21. OUTLOOK

In the coming months, the Rekeep Group will continue to work on putting the results achieved so far on a sound footing by means of its own resources while at the same time monitoring developments in the geo-political environment and the international economic scenario, which as of today seems to be giving way to a decrease in inflationary pressure, which as of today is already beginning to be evident with reference to energy supplies.

In the medium term, the Group proposes growth objectives through strengthening development projects in the energy business and recovery in the other business branches, as stated in the Group Plan 2024-2026, which was approved in February. Also in the approved plan, on the international front, the objective of seizing business opportunities of subsidiary Rekeep Saudi at local level has been envisaged while with regard to the Rekeep Polska sub-group, further growth is expected, particularly in the Catering business in the Healthcare sector thanks to the production of meals in Cook&Chill technology.

In addition, the Directors have initiated analyses in order to find the best solutions to deal with this situation and make the debt itself sustainable, including the possibility of partially refinancing the Senior Secured bond, procuring any other possible sources of financing as well as carve-outs (sale of assets or disposal of equity investments). As of the date of preparation of this document, the aforementioned assessments were still in progress, given that a mandate had already been given to leading national and international advisors in order to design the best strategy and possible counterparties. At the same time, the

Group's sole shareholder has been taking actions in order to find any possible alternative solutions to enable the Rekeep Group to honor its medium-term commitments and pursue the best solution to maximize the value of its main asset.

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

In concluding the report on the 2023 financial year the Directors invite you to approve the separate Financial Statements of Rekeep S.p.A. at 31 December 2023 and, in view of the fact that the limits provided for by Article 2430 of the Italian Civil Code for the Legal Reserve have been reached, to fully use the profit for the year of € 6,672,158.94:

- To partially cover the accumulated losses of previous years which, as a result of this use, will be reduced to € 27,923,764.50.

Zola Predosa, 21 March 2024

The Chairman

Claudio Levorato

rekeep.com

