Call on Q2 2022 Results

August 25th, 2022, 17CEST

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Rekeep Group's 2022 Half Year Results are subject to limited auditor's review

Pro-Forma Revenues, EBITDA and EBIT are not audited or reviewed or intended to comply with applicable accounting standards – they are provided for illustrative purposes only and does not purport to represent or project current or future results

Index and Presenters

Rekeep speakers

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Chairman and CEO

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CFO

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- *Annex*
- *Q&A session*

Key Quarter Highlights (1/2)

Revenues

- The Group carries on marking another positive performance in terms of volumes with a significant growth in quarterly revenues at €293.5m with a +9.4% increase, mainly driven by the Energy Management services effect and International business
- Likewise, on LTM basis at Q2 2022, volumes register a sound increase of 4.9% figures landing at €1,180.3m
- Revenues in Healthcare register a solid +6.2% CAGR (vs. +4.2% on a Group basis) in FY2016-LTM Q2 2022 consistent with Group's repositioning strategy on Healthcare, confirming to be the largest and preferred market with a 59% share of Total Revenues on LTM basis at Q2 2022

EBITDA / EBITDA Margin

- Quarterly EBITDA stands at €26.8m, with an +5.5% increase vs Q2 2021, mainly driven by positive results delivered by international business and Facility Management segments
- LTM Q2 2022 EBITDA reaches €112.9m, with marginality at 9.6% level, impacted by the volume pass-through effect of energy costs

Backlog & Commercial Activity

- *Following the positive trend registered in 2021 with approx. €1Bn contract yearly acquisition, H1 2022 has been confirming positive trend for commercial activity: new contracts acquisition hitting €772m (as multi-annual value) with Healthcare being the main market with more than 88% of total acquisitions*
- Confirmed solid win rate (both on # of tenders and multi-annual value) achieved in Q2 2022 enhances the leading role of the Group in its core markets, both in Italy as well as in Poland
- Significant increase (+11.9% vs. Q4 2021) in Backlog at €3.3Bn – 2.8xRevenues *with the Healthcare market accounting for more than 77% of the total Group Backlog*

Key Quarter Highlights (2/2)

NWC

- DSOs at 165 days at Q2 2022, with a slight decrease vs Q1 2022, mainly due to efforts by the Group to reduce the Invoicing period despite the persistent extraordinary situation related to the increase in energy carrier prices
- DPOs decreased to 194 days (-21 days vs Q1 2022) due to the end of thermic season and the acceleration of payment conditions toward energy suppliers
- NOWC at €92.1m, at 7.8% of Revenues while Domestic NWOC stands at €64.9m (6.2% of Domestic Group Revenues) reflecting the increase in volumes

Net Financial Profile and Cash Position

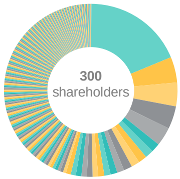
- In Q2 2022, NFP (w/o Potential Debt) stands at €412.0m with leverage* at 3.6x, mainly impacted by the extraordinary swing in NOWC associated to energy management
- The Company confirms its commitment to deleverage, while retaining a sound liquidity position

❑ *Consistently with our policy to proactively manage our debt profile, the Company may make purchases of notes from time to time*

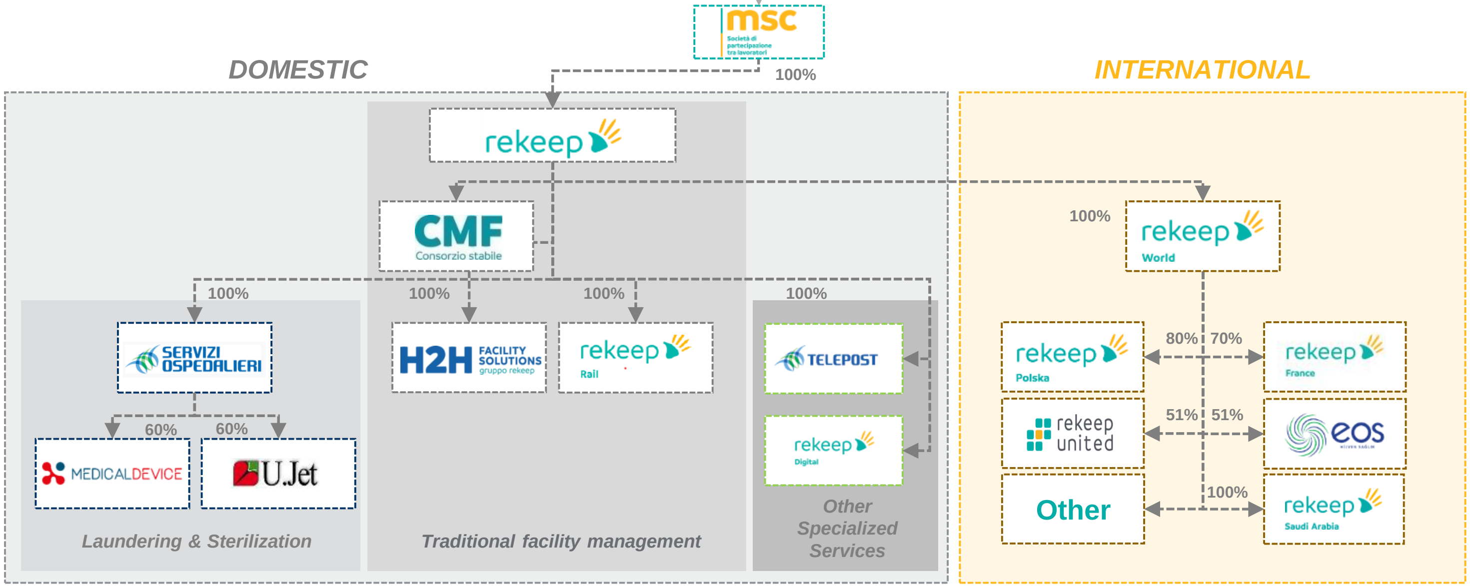
(*) Net Financial position (w/o Potential Debt) / LTM Pro-Forma EBITDA

Simplified organizational structure

- Effective from February 1st, 2022, MSC, holding company of Rekeep Group has transformed its legal form from a cooperative to a joint-stock company (Società Per Azioni – S.p.A.) and, as such, has changed its company name to **MSC Società di Partecipazione tra Lavoratori S.p.A**
- MSC, 100% owner of Rekeep Group, is ultimately owned by 300 shareholders, mainly managers and employees of the Group



- A vast majority of Managers now involved as investors in shareholding of the Company (166 white collars of the Group)
- 20 shareholders - key managers and senior executives - own more than 50% of the shares



Focus on Cost control and Liquidity

COST INFLATION

- WAGES
  - ✓ **Rekeep Group has very limited exposure to inflationary risks related to labor cost**.
  - ✓ The vast majority of our workforce is employed under the Collective Bargaining Agreement (CBA), which was recently renewed in July 2021, after several years of discussions between Government, Unions and industry players. The CBA has approx. a 4-year length: the CBA protects the Group from any cost increase as it is not directly indexed to inflation
  - ✓ No significant risk foreseen now in terms of labor shortage for the operations
- ENERGY COMPONENTS
  - ✓ Approx. 40% of revenues is related to broader Energy Management services but only a part of this is directly related to "*energy supply*" (approx. 15% of Group Revenues), while the remaining is mainly execution of maintenance business
    1. The vast majority of energy contracts (~95%) has pass-through mechanism ("Indexing Clauses") to directly pass the entirety, or vast majority, of the energy cost increase to clients
    2. For the remaining part of contracts (~5%) which are "*forfeit*" or "*flat rate*" the Group has proactively started discussions with clients in order in order to renegotiate the contractual terms for upcoming quarters
  - ✓ Given the extraordinary volatility experienced in energy costs, **the Group could experience some temporary pressure on margins** driven by the time lag in its ability to pass-through costs increases to clients
  - ✓ 70% of the current Energy Management is carried out to Healthcare infrastructure (Hospitals)
- LIQUIDITY
  - ✓ **As of today the Group continues enjoying a sound liquidity position** with a high level of cash on B/S, €75m SSRCF availability, a revolving No-Recourse Factoring Facility in place for €300m

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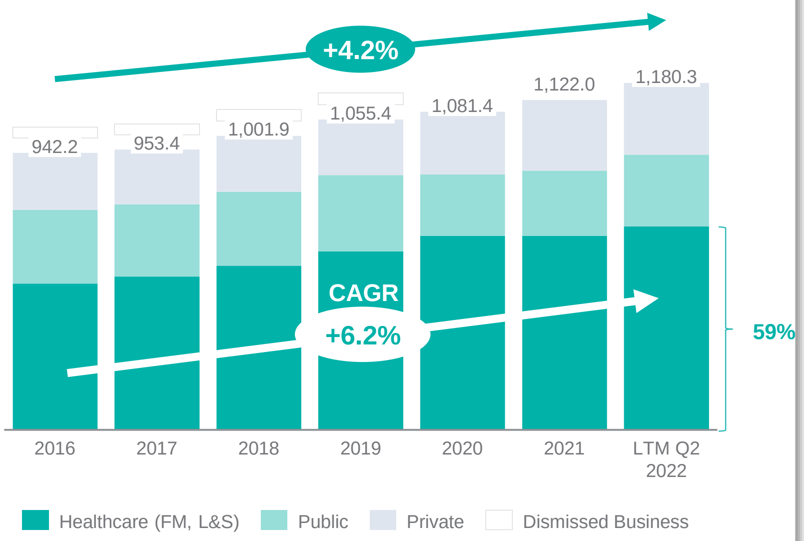
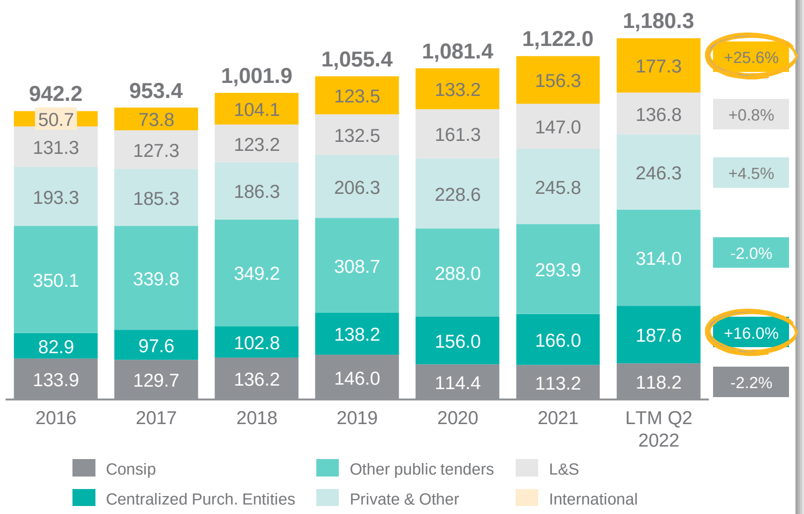
Revenues historical trend by market segment





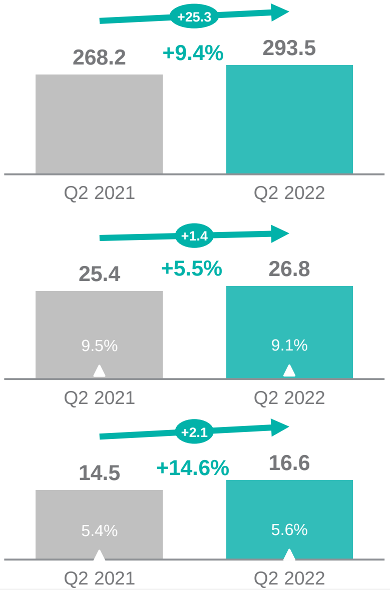
- The Group has shown an overall constant growth, with a **CAGR of 4.2%** during 2016 - LTM Q2 2022
- Specifically, Healthcare exposure delivered a superior growth, with a **CAGR of 6.2%** during 2016-LTM Q2 2022 (Healthcare FM and L&S)

Data are Pro-Forma: Sicura and Yougenio are excluded while Poland is included since 2016
Data in €m

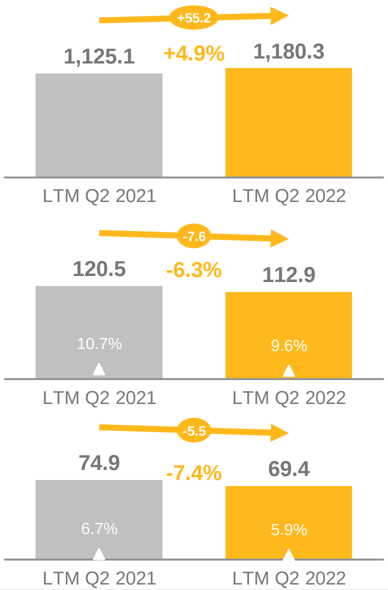
3 months and LTM KPIs at a glance

Q2 2021 vs. Q2 2022

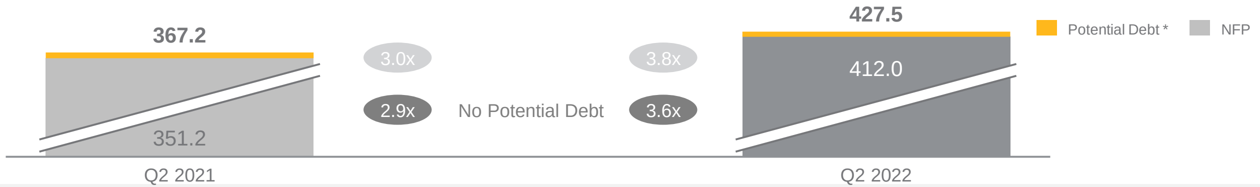
Revenues (€m)
Adjusted EBITDA (€m)
Adjusted EBIT (€m)



LTM Q2 2021 vs. LTM Q2 2022



Net Financial Position (€m)



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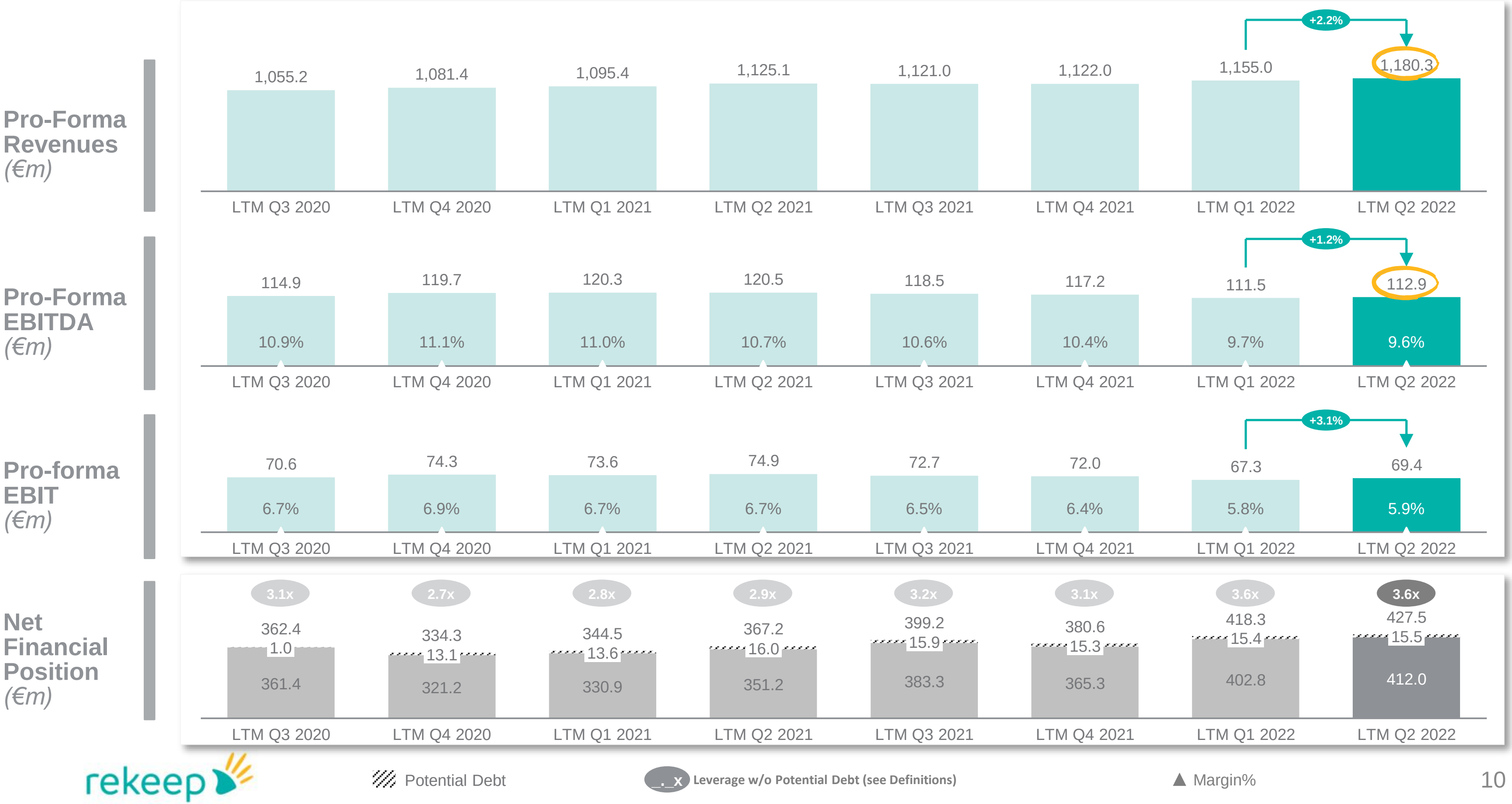
_._x Leverage

▲ Margin%

* Potential Debt mainly refers to Put Option for 20% stake in Rekeep Polska and it is measured on expected (and significantly higher) EBITDA BP 2024

LTM Performance



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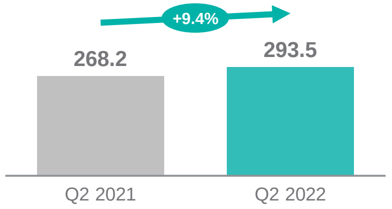
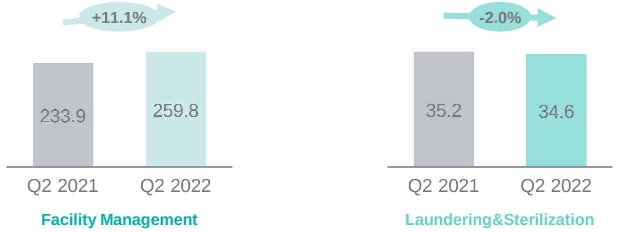
Revenues, YoY

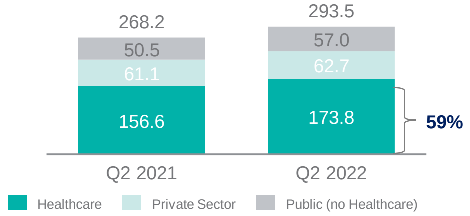
Revenues



Revenues by segment(*)



Revenues by client



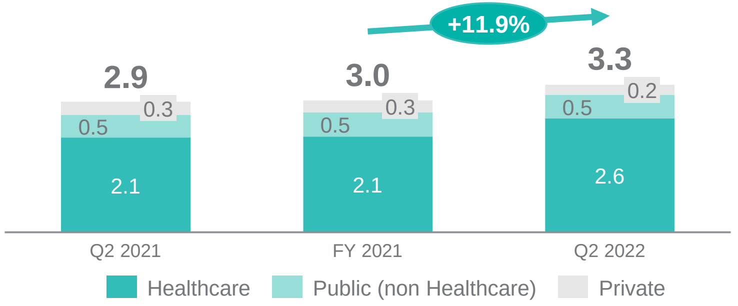
Comments

- Q2 2022 Revenues growth is sustained with a +9.4% increase landing at €293.5m
- The trend in volumes in Q2 2022 is driven by:
  - + Energy Management service, for the FM segment (+11.1% vs Q2 2021), due to the increase in volumes generated by the pass-through mechanism in energy contracts (+€33m vs Q2 2021)
  - + A good performance for International business, especially from Polish and French activities (+€11.2m vs Q2 2021)
  - - A slowdown in L&S business back on sustainable path after the resumption of routine operations and lower contribution of extra-ordinary activities related to Covid19
- **Healthcare confirms being almost 2/3 of volumes (59%) in Q2 2022 with a +11.0% increase**

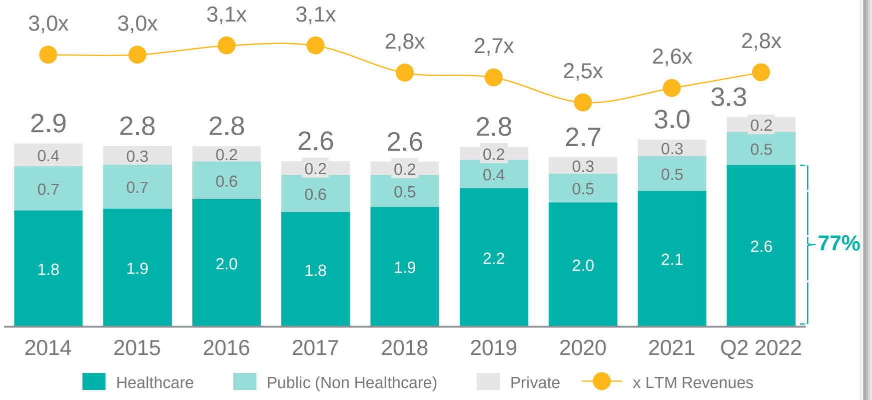
(*) Gross of intra-group eliminations ≈ €3m per annum

Backlog

Backlog, €bn



Revenue visibility from Backlog

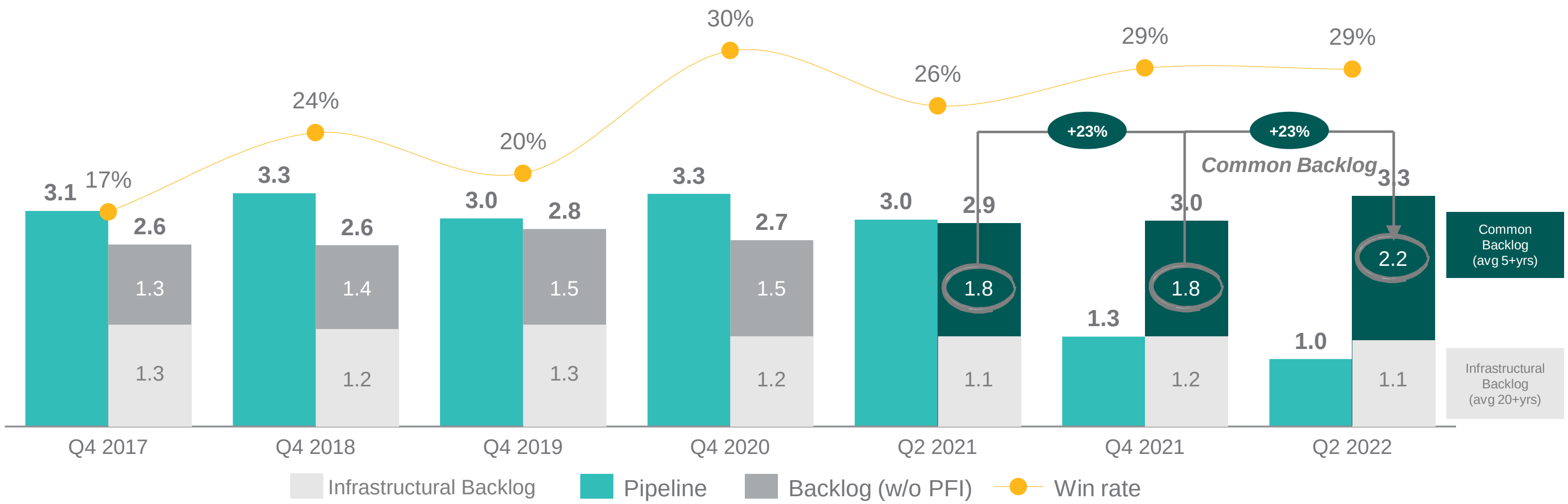


Comments

- Group Backlog ranks €3.3bn at Q2 2022, registering significant growth 12% vs Q4 2021 and 13.1% vs Q2 2021
- Outstanding record level for Healthcare, which covers 77% of the whole Backlog figure, confirming the Group strategy
- Backlog coverage at 2.8x over Revenues: close to the historical peak and sensibly higher than previous quarters
- This will generate important level of volumes and then future growth in the coming years
- **Healthcare accounts for more than 77% of total Backlog**

As of today, Backlog does not include Saudi contract backlog

Evolution of Backlog and Pipeline



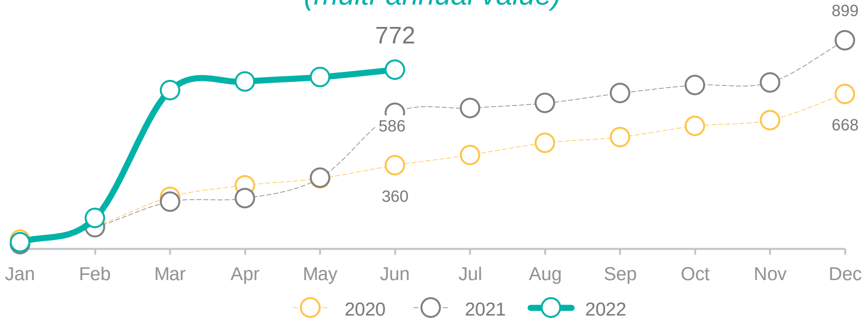
- The chart shows the evolution of Pipeline and Backlog since 2017 and the related historical win rate. Trend of last quarters showcases a sensible increase in win rate and Backlog over the past years, despite a reduction of Pipeline: the market tendering activity is slowing after a period of intense awarding from which Rekeep was able to benefit by enhancing its leading role in the market with a higher win rate
- Infrastructural Backlog includes long-term contract with Project Financing Initiatives (PFI) such as new Hospitals which is likely to rely on long term contracts, generally in excess of 20+ years

The increase in backlog and its resulting future deployment in annual revenues is even more visible in the 23% increase (vs. Q4 2021 and also vs. Q2 2021) of the common backlog, which has an average length of contracts of approx. 5+ years

Note: Rolling Quarterly Win Rate, in terms of value of tenders

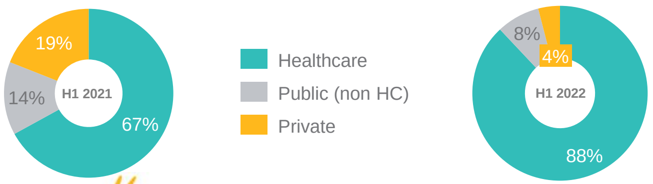
Commercial Activity

Value of contracts signed H1 2022, €m
(multi-annual value)



Breakdown of signed contracts H1 2022, €m

Signed contracts by Client H1 2022, %

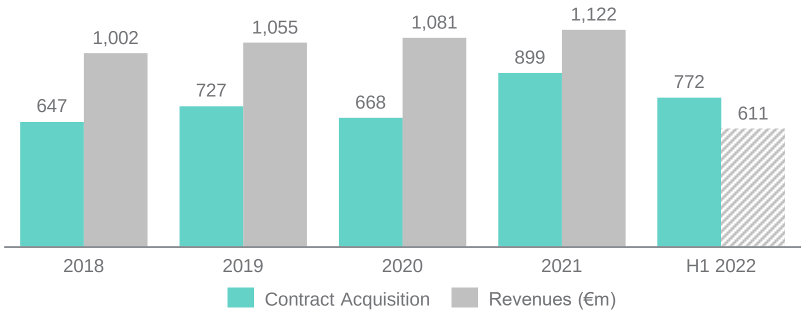


Sales activity

- Outstanding level of contracts acquisitions registered in H1 2022 at €772m, with a good trend also for Q2 2022
- H1 2022 record-breaking commercial activity was mostly driven by :
  - ✓ **Renewals**: intense performance (€294m vs. €224m and €202m), with main benefit from Healthcare, International and Private
  - ✓ **New market** in H1 2022 €477m of new business acquired thanks to important new contracts signed with Healthcare clients
  - ✓ **First Healthcare contract** (Hospital) acquisition in **France** for the Group

Reaffirmed Group strategy in repositioning as Healthcare FM providers with more than **88%** of signed contracts (both Renewals and New market) in Healthcare

Revenues and Contract Acquisition



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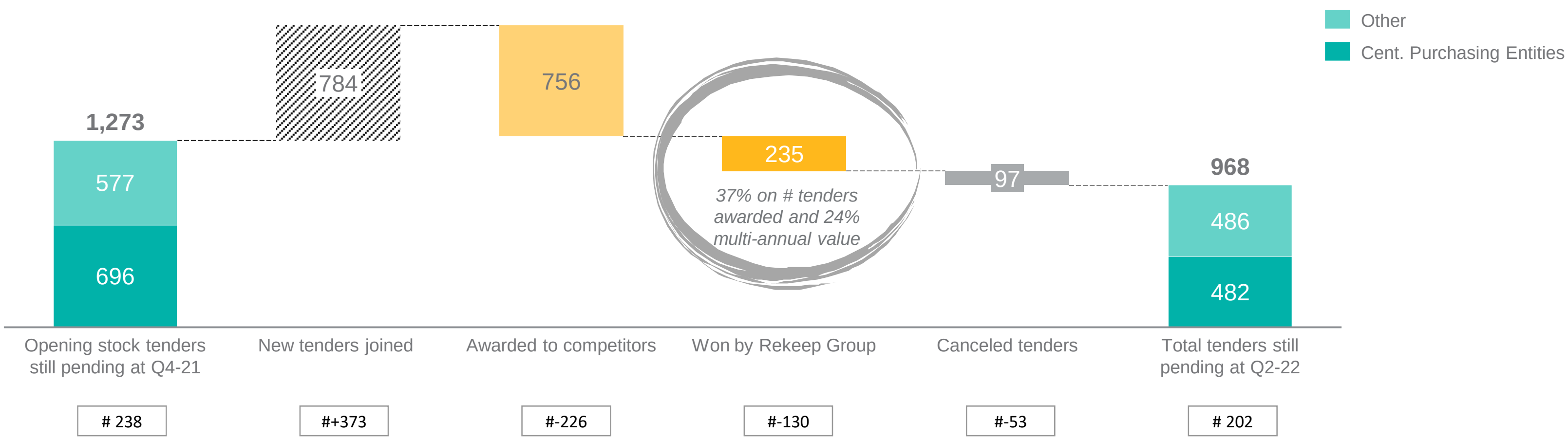
Tenders Pipeline – Q2 2022

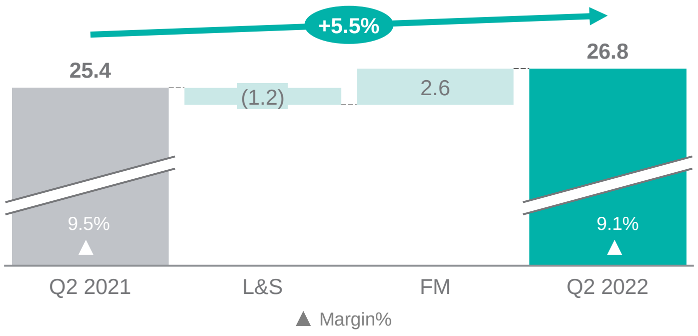
Tenders Pipeline Bridge by Stock tenders and New tenders, €m



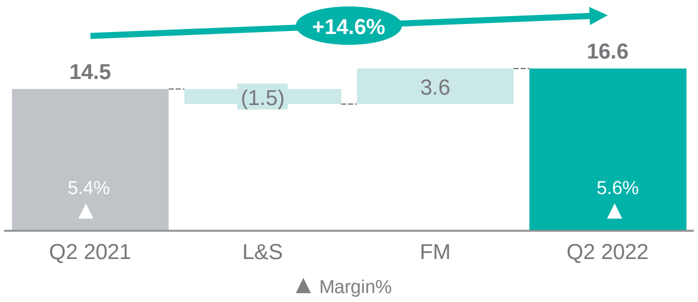
- In Q2 2022, Rekeep Group achieved an impressive win rate of 37% on # of tenders (130 out of 356) and 24% on value of tenders, including Poland contribution
- Total amount of tenders still pending (Pipeline) accounts for approx. €1.0bn

EBITDA and EBIT, YoY

Adjusted EBITDA



Adjusted EBIT



Comments

- Quarterly Adjusted EBITDA registers a positive performance and lands at €26.8m, with an increase of +5.5% vs Q2 2021 mainly given by:
  - + A general good performance by International business and generally by the Facility Management segment
  - \- For L&S, a slowdown due a slight delay in change in portfolio mix with new awarded contracts to start in the following quarters
- Adjusted EBITDA Marginality at 9.1% in Q2 2022 is diluted by increase in volumes linked to the pass-through effect for energy management activities
- Positive trend also for Quarterly EBIT with an increase of +€2.1m following the Quarterly EBITDA trend

Data in €m
Q2 2022 Adjustments on EBITDA are €1.2m (vs. €2.8m in Q2 2021)
Q2 2022 Adjustments on EBIT are €1.2m (vs. €2.8m in Q2 2021)

Net Financial Expenses, Taxes, Net Result

Net Financial Expenses, €m

H1 2022

€18.0m
(o/w €17.5m monetary)

H1 2021

€21.2m (*)
(o/w €18.1m monetary)

Taxes, €m

H1 2022

€8.0m

EBT €14.8m *Tax Rate 54%*

H1 2021

€5.9m

EBT € n.m. *Tax Rate n.m.%*

Net Result, €m

H1 2022

€ 6.8m

1.1.% of Revenues

H1 2021

€-15.6m

n.m.% of Revenues

- Recurring H1 2022 Net Financial expenses decrease by approx. €3.2m vs H1 2021 mainly due to lower coupon expenses and lower other financial interest discount
- *Taking into account also the expenses related to refinancing in January 2021 totaling approx. €23.6m, Q2 2021 Net Financial Expenses were €44.9m*

- H1 2022 Net Result is positive at €6.8m with both good results in Q1 and Q2
- *H1 2021 figure was affected by extra-ordinary costs related to refinancing of SSN2022 in January 2021, totaling approx. 23.6m*

(*) excluding approx. €23.6m of financial expenses related to SSN refinancing in January 2021: i) €15m premium to bondholders due to early redemption ii) €2.6m transaction fees iii) €6.0m amortized cost

Industrial Capex

Q2 2022

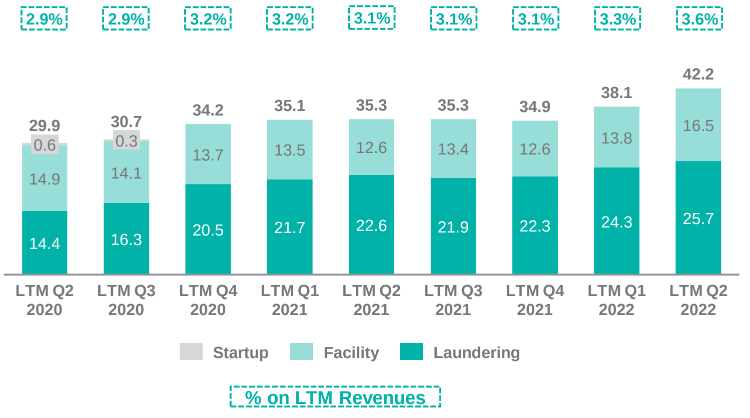
€10.7m

Q2 2021

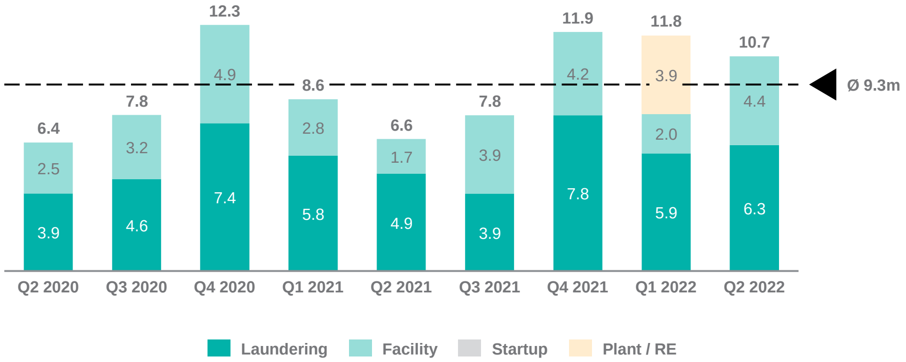
€6.6m

- Q2 2022 Capex at €10.7m: FM Capex are driven by IT and International investments and while for L&S they are mainly related to linen purchasing, both for current and new contracts
- To be noted that approx. €1.7m are related to a start-up investment for some assets related to an important contract in key client in Healthcare
- **LTM Q2 2022 Capex confirmed stable around approx. 3.6%** of Revenues as sustainable level for the business

LTM Capex overview, €m



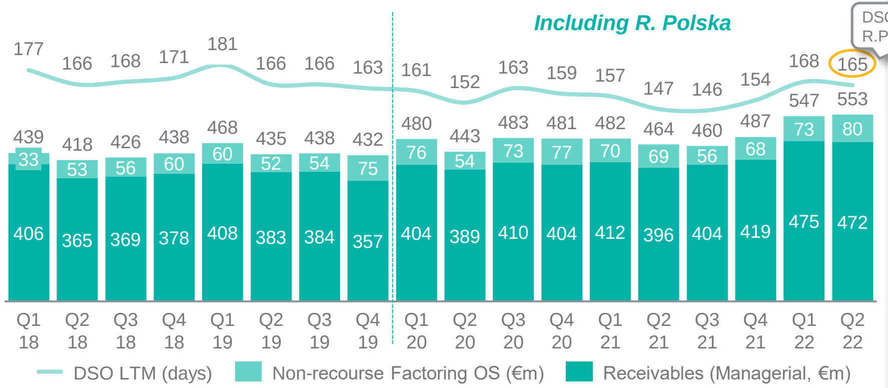
Capex by quarter, €m



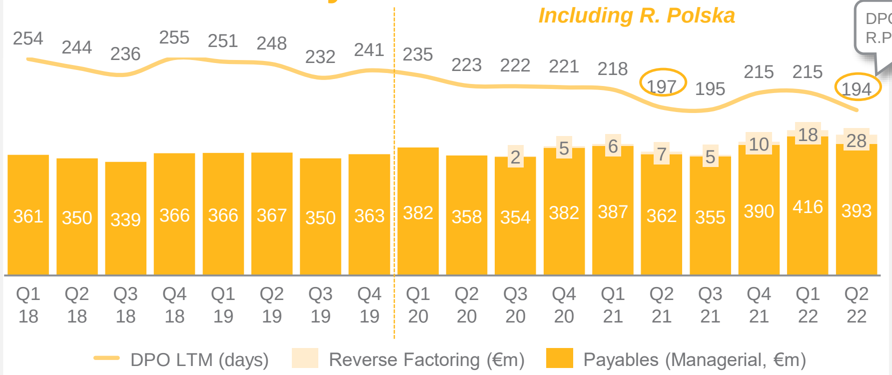
Real Estate:
- *Central Kitchen investment in Poland*
- *Laundering plant in Italy*

DSOs & DPOs

Gross Receivables and DSO



Payables and DPO



Comments

Slight decrease in DSO but still above the Group historical trend. This is mainly related to the contingent situation on energy raw materials price surge which has been impacting the Group and its invoicing contractual term to customers since Q3 2021:

- ✓ DSOs registers a decrease at 165 days (176 considering only domestic perimeter) thanks to a decrease in invoicing period, aligned with historical trend
- ✓ Volume effect due to the increase in prices for energy raw materials
- ✓ Level of Non-Recourse factoring reaching €80m at Q2 2022, quite in line with the increase of amount of receivables / volumes, being 6.8% on LTM Revenues (vs. 6.1% on LTM Q2 2021)

DPOs at 194 days (207 considering only domestic perimeter) with a decrease -3 DPO vs. Q2 2021. The decrease vs Q1 2022 is mainly driven by the end of thermic season and the release of payment toward energy suppliers - and partially funded through Reverse Factoring vs the previous year (+21 Mio vs Q2 2021)

- *DSOs/DPOs exclude the effect of Sicura (sold) and Yougenio (terminated), while include Rekeep Polska since Q1 2020*
- *In the upper chart, on top of gross receivables, the amount of factoring outstanding receivables is separately depicted, which is taken into consideration to calculate DSOs*
- *In the lower chart, on top of payables, the amount of reverse factoring is separately depicted and it's not taken in consideration to calculate DPOs*

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Net Operating Working Capital

NOWC

Q2 2022

€92.1m

(o/w €27.2m related to Poland)

Q2 2021

€47.6m

(o/w €23.1m related to Poland)

NOWC / LTM Revenues

Q2 2022

7.8%

(6.2% excl. Poland)

Q2 2021

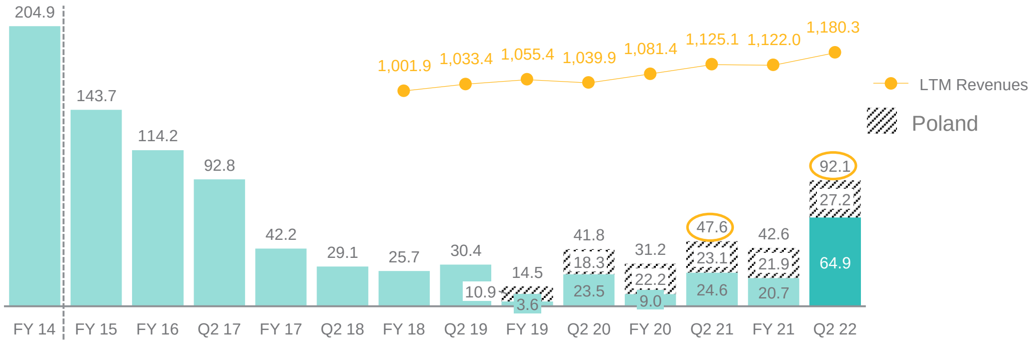
4.2%

(2.4% excl. Poland)

- NOWC increased vs Q2 2021 (€92.1m vs €47.6m) mainly due to the effect of the increase of volumes mainly generated by the depicted increase in energy management volumes
- The increase is mainly related to Domestic perimeter where Energy Management services are carried out
- Excluding Rekeep Polska, NOWC is 6.2% of Domestic Revenues

NB: stock values before FY 2014 are not comparable due to 2015 introduction of VAT new fiscal regime (Split payment and Reverse charge)

Net Operating Working Capital Trend, €m



Introduction of «Split Payment» and «Reverse Charge»

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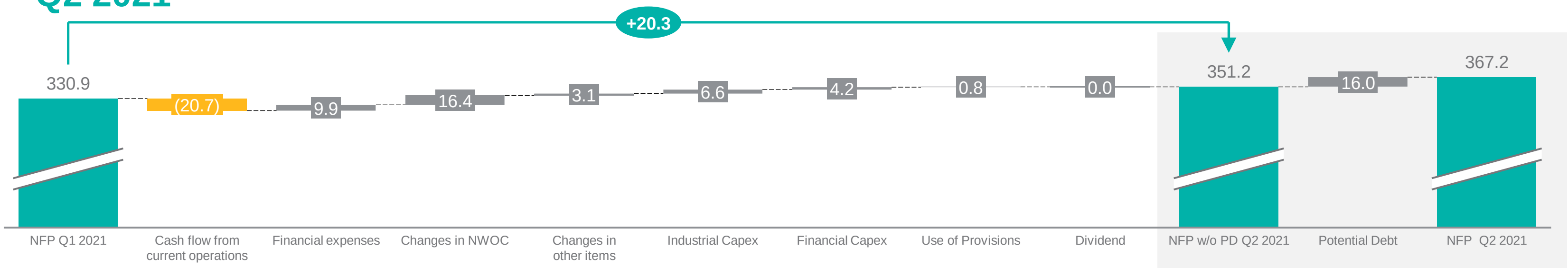
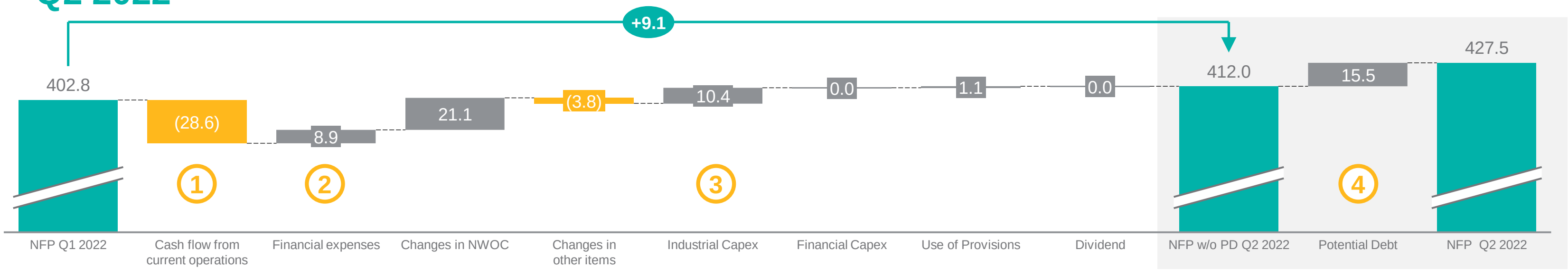
Focus on NFP changes Q2 2022 vs Q2 2021 (€m)

Q2 2021



Q2 2022



Main changes in Q2 2022 vs Q2 2021:

1. Higher cash-flow from operations due to higher contribution from business operations
2. €1m lower Financial Expenses in a single quarter mainly due to lower financial interest discount
3. Higher Industrial Capex mainly related a start-up investment for some assets related to a new key Healthcare customer (€1.7m)
4. Put Option accounted for the future potential payment of 20% stake of R.Polska in 2025, measured on expected (and significantly higher) EBITDA BP 2024

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Focus on Liquidity and Credit Facilities

Data as of June 2022	Amount (€m)	x Pro-Forma EBITDA	Liquidity Available
Reference LTM EBITDA		**112.9**	
Cash on Balance Sheet	(83.2)		(83.2)
Short Term Financial Assets	(6.2)		(6.2)
SSN @ 2026 - 7.25% Coupon	370.0		
Other on SSN (Amortized Cost, Accrued Interest)	5.3		
ssRCF (€75m)	-		(75.0)
Total Senior Secured NFP	**285.9**	**2.5x**	
Recourse Factoring	16.3		
Reverse factoring	27.6		
Term Loans & Bank Overdrafts	16.4		
Financial Leasing	10.6		
Other Financial Debt	20.6		
IFRS Adjustments	*34.6*		
Net Financial Position w/o Potential Debt	**412.0**	**3.6x**	
Potential Debt	*15.5*		
Net Financial Position	427.5	3.8x	
No-Recourse Factoring	*80.3*		*(219.7)* *

Includes 20% put option for the remaining stake in Poland (est. in 2025)

(*) Committed revolving credit facility of €300m to factor issued invoices
In January 2022, Rekeep has entered into a new No-Recourse Factoring Agreement with BFF Banking Group increasing the value to €300m from €200m

Annex

Methodology and data presentation

Data Presentation

- Since the acquisition of Polish Naprzod (then Rekeep Polska) in October 2019, International activities can be considered material and hence no longer as Start-up
- Adjusted EBITDA and Adjusted EBIT do not include non-recurring elements recorded in the consolidated Statement of Profit/Loss for the year
- On a **Pro-Forma**(1) basis, Revenues, EBITDA and EBIT :

  i) Include International activities, following the acquisition of Polish company Rekeep Polska since November 2019 (for accounting purposes)

  ii) Do not include Yougenio activities. Since September 2020, Yougenio has been de-consolidated from Group figures

  iii) Do not take into account Sicura as it is no longer part of the Rekeep Group since February 2020

IFRS16

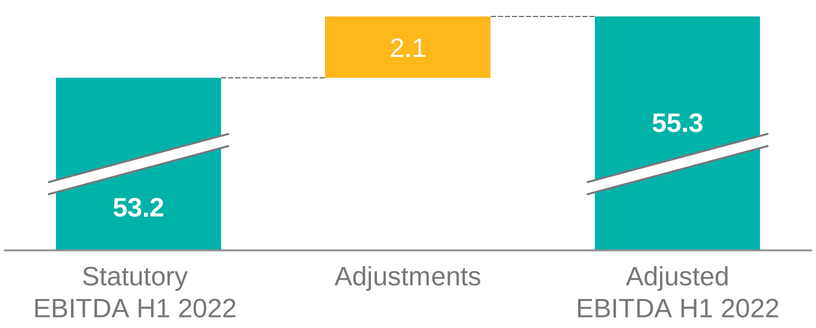
- Please note that all the figures shown in **this presentation take into account the impacts of the first-time adoption of the new IFRS 16**, mandatory since 2019. For this reason, the figures may sensibly differ from those presented in previous investors presentations
- The adoption of this Standard led Rekeep to adapt its key financial indicators:
  - ✓ EBITDA no longer includes operating lease costs, while EBIT and Net Profit for the period include the depreciation of the right of use asset and interest on lease liabilities
  - ✓ Net Financial Debt includes the financial liability for operating leases calculated as the present value of future lease payments

(1) Pro-Forma Revenues, EBITDA and EBIT are not audited or reviewed or intended to comply with applicable accounting standards – they are provided for illustrative purposes only and does not purport to represent or project current or future results.

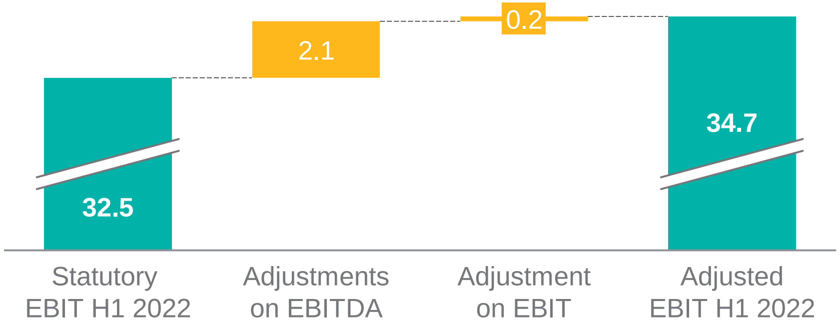
Exchange rate:
- *for P&L: average exchange rate Q2 2022 YTD*
- *For BS: exchange rate as of 30 June 2022*

Adjustments to EBITDA and EBIT

Bridge to EBITDA YTD, €m



Bridge to EBIT YTD, €m

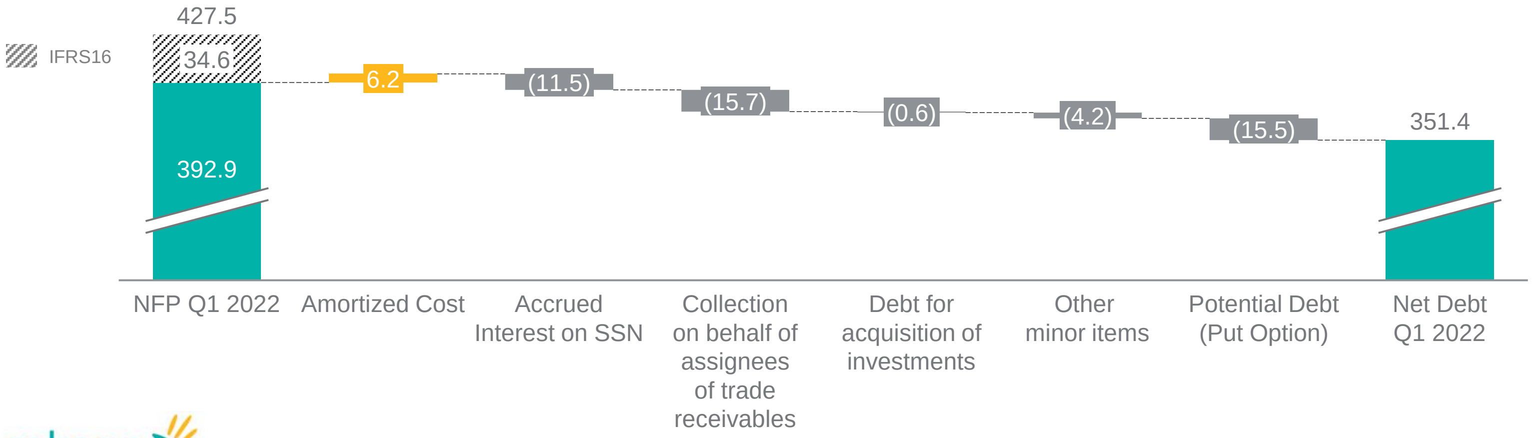


Adjustments on EBITDA, €m	
M&A and Advisory fee for extra-ordinary transaction/project	-
Extraordinary legal fees related to litigations	0.5
Re-organizations / Lay-off / Bonus	1.6
Total Adjustments on EBITDA	**2.1**
Adjustments on EBIT, €m	
Adjustments on EBIT, net of Adjustments on EBITDA	0.2
Total Adjustments on EBIT	**2.3**

Net Financial Position to Net Debt

Q2 2022 Net Financial Position to Net Debt, €m

	30th June 2022	30th June 2021
Long term financial debt	414.3	415.7
Bank borrowings, including current portion of long-term debt and other financial liabilities	102.6	58.7
Gross financial indebtness	***516.9***	***474.5***
Cash and cash equivalents	(83.2)	(101.9)
Current financial assets	(6.2)	(5.4)
Net financial indebtness Rekeep Group	***427.5***	***367.2***



Definitions

More definitions

(1) **“Gross Debt”** is defined as the sum of debts for principal referring to: i) Senior Secured Notes; ii) Long-term bank debts; iii) Current bank overdraft, advance payments and hot money; iv) Obligations arising from assignments of trade receivables with recourse; v) Financial lease obligations

(2) **“NFP Net financial indebtedness** (PFN - Posizione Finanziaria Netta)” **-** Consolidated Net Financial Position represents the balance of Long-term debt, Derivatives, Bank borrowings (including current portion of long-term debt) and other financial liabilities, net of the amount of receivables and other current financial assets and Cash and Cash equivalents

(3) **“NFP without Potential Debt”** means Consolidated Net Financial Position, net of Potential Debt (i.e. Put Options and Earn-out related to M&A transactions)

(4) **“Collections on behalf of factoring counterparties”** refers to the balances of bank accounts into which customers make payments on the trade receivables that have been sold to factoring counterparties

ANNEX

BALANCE SHEET (€/000)	30 June 2022	31 Dec 2021	Change
USES			
Trade receivables and advances to suppliers	514,051	443,248	70,803
Inventories	12,643	12,743	(100)
Trade payables and advances from customers	(434,614)	(413,374)	(21,240)
Net working operating capital	***92,080***	***42,617***	***49,463***
Other element of working capital	(152,296)	(150,501)	(1,795)
Net working capital	***(60,216)***	***(107,884)***	***47,668***
Tangible assets	134,822	129,965	4,857
Intangibles assets	423,597	424,185	(588)
Investments accounted for under the equity method	9,880	9,153	727
Other non current assets	30,086	30,857	(771)
Operating fixed assets	***598,385***	***594,160***	***4,225***
Non current liabilities	(52,577)	(54,293)	1,716
Net invested capital	***485,592***	***431,983***	***53,609***
SOURCES			
Minority interests	4,865	4,588	277
Equity attributable to equity holders of the parent	53,237	46,746	6,491
Shareholders' equity	***58,102***	***51,334***	***6,768***
Net financial indebtedness	427,490	380,649	46,841
Total financing sources	***485,592***	***431,983***	***53,609***

ANNEX

PROFIT&LOSS *(€/000)*	**For the period ended 30 June**	
	2022	**2021**
Total revenues	611,108	552,840
Total costs of production	(557,909)	(497,066)
EBITDA	**53,199**	**55,774**
EBITDA %	***8.71%***	***10.09%***
Amortization/depreciation, write-downs and write-backs of assets	(19,652)	(20,744)
Accrual of provisions for risks and charges	(1,078)	(1,418)
Operating income	**32,469**	**33,612**
Operating Income %	***5.31%***	***6.08%***
Share of net profit of associates	414	1,557
Net financial charges	(18,028)	(44,881)
Profit before taxes from continuing operations	**14,855**	**(9,712)**
Profit before taxes from continuing operations %	***2.43%***	***-1.76%***
Income taxes	(8,026)	(5,943)
Profit from continuing operations	**6,829**	**(15,655)**
Loss for the period from discontinued operation	-	16
Net profit for the period	**6,829**	**(15,639)**
Net profit for the period %	***1.12%***	***-2.83%***
Minority interests	(158)	(1,511)
Net profit for the period attributable to equity holders of the parent	**6,671**	**(17,150)**
Net profit for the period attributable to equity holders of the parent %	***1.09%***	***-3.10%***

ANNEX

STATEMENT OF CASH FLOW (Statutory) (€/000)	30 June 2022	30 June 2021
CASH at the beginning of the period	**99,512**	**90,464**
Cash flow from current operations	31,397	7,901
Use of provisions for risks and charges and for employee termination indemnity	(2,374)	(2,318)
Change in NWOC	(49,869)	(15,566)
Industrial Capex, net of disposals	(21,817)	(14,443)
Financial Capex	(423)	(5,153)
Other changes	(3,755)	(3,290)
Change in net financial liabilities	30,535	44,266
CASH at the end of the period	**83,206**	**101,861**

What's next

- ✓ Next call on Q3 2022 will be held on November 16th, 2022

- ✓ Rekeep will attend the Goldman Sachs Leveraged Finance Conference in London (UK) on September 6th, 2022

- ✓ Rekeep will attend the JP Morgan European High Yield & Leveraged Finance Conference in London (UK) on September 7th, 2022

- ✓ Rekeep Financial Calendar and Replay available on:

  https://www.rekeep.com/en/investors/financial-info/financial-calendar