

Zola Predosa, April 28, 2023

*The following discussion updates certain of the operational risk factors (and related legal proceedings) described in the Offering Memorandum dated January 20, 2021 and subsequent disclosure made to bondholders.*

*We confirm that the other risk factors described in the above mentioned Offering Memorandum and not updated hereafter, remain applicable to the group, *mutatis mutandis*, with no material changes, unless otherwise indicated.*

*All defined terms used herein have the same meaning as ascribed to such terms in the above mentioned Offering Memorandum.*

## Risk factors update

### Risks related to our business

*The following risk factor replaces the risk factor “Our business is exposed to fluctuations in costs related to fuel and other transportation inputs and other commodity prices” from the Offering Memorandum.*

***Our business is exposed to fluctuations in costs related to fuel, energy, gas and other transportation inputs and other commodity prices.***

The costs for fuel, crude oil, energy, gas, certain fabrics and other transportation inputs are strongly influenced by the overall economic conditions in the United States, Europe, Russia and other international markets. The conflict between Russia and Ukraine has caused, and is continuing to cause, severe social and economic consequences for the countries directly involved as well as the European continent, as tension between Russia, the European Union, the United States and other countries continues to increase. In particular, the conflict has caused, among other things, a material surge in oil, natural gas and other energy prices. In particular, the prices of energy sources are expected to continue to remain elevated or rise further through, at least, part of 2023 due to the widening gap between supply and demand and the conflict between Russia and Ukraine. The conflict is also likely to continue to cause additional price and supply shocks. Many of the contracts we have concluded require us to deliver services or make interventions at sites scattered around Italy or the other countries in which we operate. While certain of our contracts for the delivery of heating fuel contain price adjustment mechanisms, our business is still exposed to various fuel and other transportation inputs and other commodity prices, both in our Laundering and Sterilization and Facility Management Segments. We rely on frequent restocking and maintenance of supplies (i.e. linens, fabrics and cleaning supplies), equipment and machines at a multitude of locations. As a result, fluctuations in costs related to fuel, crude oil, energy, gas, certain fabrics and other transportation inputs can adversely affect our margins, as there can be no assurance that we will be successful in passing on cost increases to customers without losses in revenue or gross margin or at all. In addition, an

increase of costs for fuel, crude oil, energy, gas, certain fabrics and other transportation inputs, even if successfully passed on to our customers, could require immediate higher working capital needs (and higher sureties) that can be charged to customers only at a later stage, which could affect our business, financial condition and results of operations.

The following risk factors are updated to reflect the discussion below (and related legal proceedings).

***We face risks related to the services we provide to government and other public entities.***

As an additional example to what already reported both in the Offering Memorandum and in the 2021 Risk Factors Update, under certain circumstances, PSEs may require us to provide them with additional products/services which were not included in the original agreement under the same conditions set forth in the original agreement and this may result in litigation with the PSEs in relation to the related arrangements. For example, in 2023, Servizi Ospedalieri filed a suit against the Marche Regional Health Agency (ASUR Marche) for the payment of certain additional services which Servizi Ospedalieri was required to provide to such Authority despite not included in the original agreement for an amount of approximately Euro 2.9 million. As a result of such lawsuit from Servizi Ospedalieri, ASUR Marche filed a counterclaim against Servizi Ospedalieri, requesting the payment of a sum amounting to Euro 4.1 million, claiming that the payments made to Servizi Ospedalieri under the relevant contract were undue, having Servizi Ospedalieri allegedly failed to comply with contractual obligations. We believe that such counterclaim is without merit being based on a wrong interpretation of the contractual terms, and we intend to defend vigorously. The first hearing is scheduled on May 2, 2023.

***We may face significant consequences as a result of the ANAC Santobono-Pausilipon Decision.***

As an update to what referred in the Offering Memorandum, on January 25, 2022 the Council of State upheld Rekeep's appeal therefore confirming the ANAC Santobono-Pausilipon TAR Lazio Decision and the consequent annulment of the ANAC Santobono-Pausilipon Decision. However, on April 8, 2022, one of our competitors appealed such decision from the Council of State before the Italian Supreme Court; such appeal does not have any suspensive effects of the Council of State decision. In May 2022, ANAC and another of our competitors joined the said proceeding before the Italian Supreme Court. We intend to defend vigorously. The hearing on the merits is scheduled on June 20, 2023.

***We are involved in ongoing litigation in respect of an antitrust matter related to the CONSIP public tender concerning the cleaning of public schools, and our business and results of operations may face further significant adverse consequences deriving therefrom.***

As described in the Offering Memorandum and in the 2021 Risk Factors Update, in 2017 the Issuer appealed CONSIP's decision to terminate the CONSIP School Framework Agreement as a result of the sanction issued by the ICA in 2015 against us in connection with alleged anti-competitive practices relating to the relevant public tender (the "**2015 ICA Decision**") before the Civil Court of Rome. On May 30, 2022, such Civil Court rejected our claim. We challenged the said first-instance decision before the Rome Court of Appeals and the first hearing on the merits is scheduled on October 15, 2023.

In addition, as described in the Offering Memorandum and in the 2021 Risk Factors Update, certain of our competitors (Romeo Gestioni S.p.A. and Blackstone FD Consorzio Stabile) brought a claim against us (and other players involved in the alleged anti-competitive practices) before the Court of Rome, claiming damages allegedly suffered in connection with the alleged anti-competitive practices sanctioned by the 2015 ICA Decision. On March 1, 2023, the Court rejected such claim and ordered the plaintiffs to pay the relevant litigation fees. Such decision has been appealed by the original plaintiffs.

Moreover, as described in the Offering Memorandum and in the 2021 Risk Factors Update, in connection with the 2015 ICA Decision, in June 2017, CONSIP notified the Issuer of its decision to (i) exclude the Issuer from new tenders for "barracks cleaning" and "public hospital cleaning" (the "**Excluded Tenders**"); and (ii) proceed with the enforcement of the Issuer's bid bond provided in connection with the tender for "public hospital

cleaning". The Issuer challenged such CONSIP's decision before the competent courts. The CONSIP's decision to exclude the Issuer from the Excluded Tenders has been confirmed by the TAR Lazio, the Council of State and finally also by the Italian Supreme Court on December 22, 2021. Moreover, as also described in the Offering Memorandum and in the 2021 Risk Factors Update, CONSIP had in the meantime requested to the competent insurance companies to enforce the Issuer's bid bond provided in connection with the Excluded Tenders. The Issuer challenged also such bid bonds enforcement request made by CONSIP before the competent administrative courts, which granted a preliminary suspension of the proceeding pending an analysis of the Italian Constitutional Court similarly to what described in connection with other proceedings involving the Issuer. Following the decision of the Constitutional Court to reject the issue of constitutional legitimacy brought to its attention, the Council of State re-started its analysis of the merit of the case on February 2, 2023. However, on such date, the Council of State suspended again the proceeding, pending a decision of the European Court of Justice in relation to certain prejudicial issues brought to the attention of the European Court of Justice in the context of a different proceeding involving similar matters. Anyway, the bid bond enforcing request is currently suspended as a result of a temporary presidential decree issued by the President of the Council of State.

In addition, as described in the Offering Memorandum and in the 2021 Risk Factors Update, on July 28, 2020 the insurance company that granted to the Issuer the bid bond guarantee provided to CONSIP in connection with the "public hospital cleaning" tender brought a lawsuit against us before the competent civil court requesting a payment equal to the amount of the said bid bond guarantee, as a provision in case of enforcement by CONSIP. Following an decision of the Court to reject certain of the plaintiff's discovery requests, such proceeding is still pending and the next hearing is scheduled on June 21, 2023.

***We are susceptible to claims of anti-competitive practices and we are currently involved in ongoing litigation in respect of an antitrust matter related to the CONSIP public tender for contracts to clean offices used by Italian public entities (FM4 Tender), and our business and results of operations may face further significant adverse consequences deriving therefrom.***

As an update to what referred in the Offering Memorandum and in the 2021 Risk Factor Update, on December 22, 2020, the ICA notified the Issuer of its appeal against the TAR Lazio Ruling on the ICA FM4 Decision, requesting the confirmation of the ICA FM4 Decision, including the original fine amounting to €91.6 million (as referred in the Offering Memorandum and in the 2021 Risk Factors Update, the ICA had already recalculated such original fine by reducing the amount to €79.8 million as a result of TAR Lazio Ruling on the ICA FM4 Decision). Both such ICA appeal and our appeal against the TAR Lazio Ruling on the ICA FM4 Decision have been discussed before the Council of State on March 31, 2021. On May 9, 2022, the Council of State rejected our appeal. The Issuer has challenged such decision before the Council of State itself (*impugnazione per revocazione*) on June 10, 2022 and the next hearing is scheduled on May 4, 2023. Moreover, the same decision of the Council of State was also challenged by the Issuer before the Italian Supreme Court on July 8, 2022 and the relevant hearing was held on April 4, 2023. As of the current date, no decisions have been adopted by the said Courts.

Furthermore, as described in the Offering Memorandum and in the 2021 Risk Factor Update, on June 28, 2019 we were also notified by CONSIP of its decision to exclude the Issuer from the FM4 Tender alleging the Issuer's gross negligence (*errore grave commesso nell'esercizio dell'attività professionale*) in allegedly breaching antitrust rules and allegedly failing to provide reliable information to CONSIP during the tender procedure (again in connection with the alleged antitrust infringement). Moreover, CONSIP decided to proceed with the enforcement of the Issuer's bid bond (amounting to €3.9 million) provided in connection with such tender (the "**CONSIP FM4 Tender Exclusion**"). On July 3, 2019, the Issuer challenged the CONSIP FM4 Tender Exclusion before the TAR Lazio seeking its annulment as well as the suspension of its enforcement (including in relation to the enforcement of the bid bond) as a precautionary measure, pending the court's review on the merits of the case. On July 10, 2019 the TAR Lazio granted the Issuer's request of suspension of the enforcement of the bid bond as a first precautionary measure, pending its decision on the ICA FM4 Decision Appeal. A second preliminary hearing was scheduled by the TAR Lazio on September 11, 2019. Following such hearing the TAR Lazio granted the suspension of the enforcement of the Issuer's bid bonds provided in connection with the FM4

Tender, but not the request for the suspension of the CONSIP FM4 Tender Exclusion per se, and scheduled a hearing to discuss the merits of the case on July 15, 2020, which was subsequently postponed to July 23, 2021 and subsequently to July 13, 2022. On July 18, 2022, a partial ruling was issued by the TAR Lazio, which found that the Company's exclusion from the participation in the FM4 Tender was lawful while it suspended the judgment regarding the enforcement of the bid bond pending a proceeding before the Italian Constitutional Court. On July 26, 2022, the Constitutional Court rejected the issue of constitutional legitimacy brought to its attention; as a consequence, the TAR Lazio set the hearing to discuss the merits of the enforcement of the bid bond on November 9, 2022. On November 16, 2022, the TAR Lazio issued a final ruling no. 15201/2022 dismissing the appeal; on January 18, 2023, the Issuer challenged such ruling, seeking the suspension of its enforcement as a precautionary measure. Such request of suspension has been discussed before the Council of State at the hearing of February 2, 2023. The Court of State granted such request of suspension and scheduled the hearing on the merits May 18, 2023. In addition, on November 9, 2022, the Issuer challenged the above-mentioned partial ruling through which the TAR Lazio found that the Company's exclusion from the participation in the FM4 Tender was lawful. The first hearing before the Council of State was originally scheduled on March 9, 2023, but it has been postponed until a later date.

In addition, as described in the Offering Memorandum and in the 2021 Risk Factor Update, in 2020 the Issuer was also notified by CONSIP of its decision to (i) exclude the Issuer from a CONSIP tender for museums cleaning; and (ii) proceed with the enforcement of the Issuer's bid bond provided in connection with such tender. The Issuer challenged such decision before the TAR Lazio, which rejected the appeal. The Issuer subsequently challenged such first-instance decision before the Council of State, which, following a suspension of the proceeding pending an analysis of Italian Constitutional Court similarly to what happened in the FM4 proceeding mentioned above, confirmed CONSIP's decision to exclude the Issuer from the relevant tender and proceed with the enforcement of the Issuer's bid bond. The Issuer has challenged such decision before the Council of State itself (*impugnazione per revocazione*). Such Court, on March 24, 2023, granted a temporary suspension only in relation to CONSIP's decision to enforce the Issuer's bid bond.

***We may incur liabilities or be excluded from contracting with public authorities for the actions of our employees, managers or agents.***

As described in the Offering Memorandum and in the 2021 Risk Factors Update, as a result of an investigation concluded in November 2021, in April 2022, the Public Prosecutor before the Court of Bari notified the Chairperson of Servizi Ospedalieri of the scheduling of a preliminary hearing to be held on May 20, 2022, appending a request for indictment for three hypotheses of crime, namely speculative practices in primary commodities (*manovre speculative su merci*), attempted fraud against the State, a public entity, or the European Union (*tentata truffa aggravata*) and public procurement fraud (*frode nelle pubbliche forniture*), in connection with the alleged sale of personal protective equipment at out-of-market prices. The competent judge has granted the Public Prosecutor's request for indictment and the next hearing is scheduled on June 23, 2023. As of the date hereof, Servizi Ospedalieri has not been notified of any involvement pursuant to LD 231 but we cannot exclude that any such involvement will occur due to certain of the alleged charges being included in the scope of application of LD 231.

In addition, as far as the potential liability pursuant to LD 231 is concerned: (i) Servizi Ospedalieri, together with certain of its current and former employees, as far as their personal criminal liability is concerned, is currently under investigation before the Public Prosecutors's Office of Perugia for the alleged crimes of corruption (*corruzione*), disclosure of confidential information (*rivelazione segreti di ufficio*), and non-compliance in the supply to public contracting entities (*inadempimento nelle pubbliche forniture*); this investigation concerns a case of alleged corruption, in the context of certain hirings made by Servizi Ospedalieri on the alleged referral of certain public officials working with Servizi Ospedalieri's client (ASL Umbria 1), who, in turn, would have allegedly omitted to report certain contractual violations committed by Servizi Ospedalieri; and (ii) a 49% owned consortium company operating in the energy services segment is currently under investigation, together with one of the Issuer's managers, as far as his personal criminal liability is concerned, before the Public

Prosecutors's Office of Palermo for alleged false invoicing (*emissione di fatture o altri documenti per operazioni inesistenti*); such investigation concerns certain VAT deductions made by the said company.

Moreover, as described in the Offering Memorandum and in the 2021 Risk Factors Update: (i) certain of our employees were involved in a criminal proceeding before the Criminal Court of Rome for the crime of bid rigging (*turbativa d'asta*) allegedly committed in connection with our participation in the FM4 Tender; on January 9, 2023, the Criminal Court of Rome issued a full acquittal decision in favor of all the employees of the companies involved as the case was found to be without merit (*il fatto non sussiste*); (ii) the Issuer, together with one of its formal employee, was involved in a criminal proceeding pursuant to LD 231 before the Criminal Court of Alessandria for the alleged crime of serious injuries (*lesioni gravi*) as a result of H&S violations; in connection with the said proceeding, on December 7, 2022, the Turin Criminal Court of Appeals dismissed the charges for procedural reasons; (iii) the Issuer was involved in a criminal investigation pursuant to LD 231 carried out by the Prosecutor of Varese in connection to certain listed crimes, including (*truffa aggravata*), fraud in public supplies (*frode in pubbliche forniture*) and false statement (*falso ideologico*); the competent Court dismissed the criminal charges on June 3, 2022; (iv) certain current and former officers of Servizi Ospedalieri are currently under investigation for conspiracy to commit abuse of office in their capacity as private individuals (*concorso esterno in abuso d'ufficio*) before the Public Prosecutor's Office of Locri. In relation thereto, we understand that such investigation has been transferred to the Public Prosecutors's Office of Reggio Calabria; and (v) the Issuer (pursuant to LD 231), together with one of its former manager, as far as his personal criminal liability is concerned, is currently involved in a criminal proceeding for the alleged crimes of corruption (*corruzione*) and false invoicing (*emissione di fatture o altri documenti per operazioni inesistenti*) before the Criminal Court of Napoli following an investigation started by the Public Prosecutor of the said city in the context of the tender for the awarding of certain cleaning services at the Santobono-Pausilipon Public Health Agency (*Azienda Ospedaliera di Rilievo Nazionale Santobono-Pausilipon*) of Napoli, which generated approximately €2.5 million in annual revenues in 2016 and had a negative contribution margin for the Issuer. As mentioned in the Offering Memorandum and in the 2021 Risk Factors Update, in December 2017, the competent Judge for the Preliminary Hearing (GUP) proceeded with the indictment of the said individual and the Issuer; the Santobono hospital has joined the proceeding seeking damages against the Issuer and its employee, and, following other hearings held over the years, the next one is scheduled on May 15, 2023.

In addition, one of Servizi Ospedalieri's former employee is currently under investigation for bid rigging (*turbativa d'asta*) before the Public Prosecutors's Office of Pescara. We understand that, on October 19, 2022, the Public Prosecutor communicated a notice of conclusion of the preliminary investigation to the said individual. No further updates are available.

Finally, certain of our current and former employees are currently under investigation for crimes which could trigger the Issuer's 231 liability, such as respectively (i) an investigation for alleged serious injuries (*lesioni colpose*), which we assume – despite not having formal confirmation in any official act – being connected with an alleged H&S violation, pending before the Public Prosecutors's Offices of Lucca; and (ii) an investigation for alleged corruption acts (*corruzione*) in the context of Servizi Ospedalieri's participation in certain tender procedures, pending before the Public Prosecutors's Offices of Pescara.

***We may be deemed liable for damages caused by our TJA partners, consortium partners and subcontractors and have responsibilities towards their employees.***

As described in the Offering Memorandum, the Issuer is involved (in its capacity as the civilly liable party) in a criminal proceeding relating to the fire occurred on March 19, 2013 in the former Olivetti area at Scarmagno (Turin), which led to the destruction of the building and the goods contained therein. On February 24, 2017, the Criminal Court of Ivrea fully acquitted all the defendants and, on September 9, 2022, the Turin Criminal Court of Appeals confirmed such first-instance decision. However, in April 2023, one of the plaintiffs who requested for damages compensation in the context of the said criminal proceeding reiterated its request against the Issuer, from a civil liability perspective.

***We are subject to extensive regulatory requirements.***

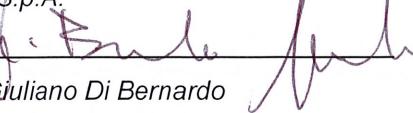
As described in the Offering Memorandum, we operate in sectors characterized by specific and detailed laws and regulations which are constantly changing. A small portion of our business consists of manufacturing medical devices and, as a result, we are subject to European and Italian healthcare regulations. The Italian regulatory framework applicable to medical devices, as recently supplemented, provide that a yearly budget to purchase medical devices is assigned to each Italian region and, in case such yearly budget is exceeded, each region shall ask for a reimbursement to the medical devices suppliers for a portion of the excess amount, and in proportion to the annual market share of each supplier in the relevant region (the "**Payback Mechanism**"). Should a supplier not pay the requested amounts in 30 days, the applicable law provides that such amounts are offset against any outstanding credits such suppliers towards each region and/or the entities affiliated to the regional healthcare system (the "**Offset Mechanism**"). Two of the Issuer's subsidiaries have received payment orders pursuant to the Payback Mechanism for an overall amount of Euro 960,000 and Euro 11,000, respectively, for the years 2015, 2016, 2017 and 2018. In line with the approach of other medical device companies, we timely challenged the said payment orders as well as the related legislative/administrative acts. A recent Italian law (Law No. 34/2023) provided for a discount of approximately 50% of the relevant amounts due pursuant to the Payback Mechanism, in exchange for the medical devices suppliers' decision to waive the pending litigation.

We cannot exclude the possibility that the Italian Ministry of Health will determine that the regional budgets for each of the years 2019, 2020, 2021 and 2022 have been exceeded and, if so, whether the Italian regions will issue further payment orders to us with respect to each of such years, and we cannot predict the amounts of the related potential requests (if any).

***Any expansion of our business outside of Italy may present risks.***

We have historically focused our business within the Italian markets and therefore have been only partially exposed to foreign opportunities. However, beginning in 2016, we commenced an internationalization program consisting of both organic growth, investments and acquisitions. As described in the Offering Memorandum, entering international markets and operating therein requires, among others, a substantial amount of management time and attention. Any international expansion exposes us to the risks normally associated with conducting international business operations, including incurring start-up losses for several years due to lower levels of business, initial costs for the setting up of the business, additional risk of litigation, the lack of adequate and available management teams to monitor and integrate these operations, unfavorable commercial terms and difficulties in maintaining uniform standards, control procedures and policies. In addition, the termination of any of our contracts with players in these countries, including as a result of the factors mentioned above, could result in the loss of some or all of our business in these countries. For example, on April 10, 2023, our subsidiary Rekeep Saudi CO Ltd based in Saudi Arabia received a purported notice of termination of a contract relating to the operations and maintenance services that our subsidiary is currently carrying out in relation to four lines of the Riyadh subway. On April 12, 2023, we rejected such notice claiming that the purported termination is groundless. We believe that we have fulfilled our contractual obligations in relation to the said agreement and we intend to defend our position vigorously. While we are currently assessing the overall impact of the position taken to date by the counterparty and assessing our available remedies, there cannot be any assurance that the alleged termination itself and/or the enforcement of the guarantee provided in connection therewith will not have a material adverse effect on our expansion plans, business, financial condition and results of operations.

Rekeep S.p.A.

By: 

Name: Giuliano Di Bernardo

Title: Chairman and CEO