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Call on Q1 2023 Results

May 18th, 2023, 17CET

Disclaimer

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The information in this presentation may include references to possible future events and is based on the state of current expectations. These indications regarding the future are subject to risks and uncertainties related to the business activities, the performance of the reference sectors and the economy. There is, therefore, no liability in relation to them, not even about their possible amendment or revision

Rekeep Group's Q1 2023 Results are unaudited

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

Giuliano Di Bernardo

Chairman and CEO

Luca Buglione

CFO

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- **Key Quarter Highlights**
- Q1 2023 Results
- *Annex*
- *Q&A session*

Key Quarter Highlights (1/2)

Revenues

- The Group registers a slight decrease in revenues at €313.4m with a -1.3% decline, mainly driven by the reduction of Energy Management services, counterbalanced by a positive performance in L&S and International business
- LTM Revenues at Q1 2023 keep a positive trend, registering an increase of +11.7% landing at €1,290.1m
- Revenues in Healthcare carry on growing, registering a solid +8.7% CAGR (vs. +4.8% on a Group basis) since FY2017, consistently with Group's repositioning strategy, confirming to be the largest and preferred market with a 63% share of Total Revenues at LTM Q1 2023

EBITDA / EBITDA Margin

- Quarterly EBITDA stands at €43.5m, with an +52.9% increase vs Q1 2022, supported by Q1 Tax Credit (€16.0m)
- Q1 2023 LTM EBITDA reaches €144.7m, with marginality at 11.2% level, supported by FY2022 and Q1 Tax Credit (€43.8m). To be noted Q1 performance does not include any revenues from Saudi, but including only Q1 costs.

Backlog & Commercial Activity

- Despite a solid win rate - both on # of tenders (37%) and multi-annual value (31%) achieved in Q1 2023 – the commercial performance is basically in line with Q1 2022 mainly due to an intense performance in renewals activity, especially in the Healthcare segment
- Q1 backlog at €2.9 Bn is conservatively accounted with historical not-inflated tender values, and highly exposed to Healthcare market accounting for 75% of the total

Key Quarter Highlights (2/2)

NWC

- DSOs at 165 days at Q1 2023 down -3 days vs Q1 2022 - but still higher than Group historical level - is mainly due to the forecasted amplification of the working capital effect, and driven by quick surge in volumes for energy management
- DPOs sensible decrease by -32 days to 183 days is mainly due to contingent acceleration of payment terms of certain energy suppliers
- NOWC at €112.5m, at 8.7% of Revenues while Domestic NWOC stands at €91.4m (8.0% of Domestic Group Revenues) reflecting the increase in volumes and unbending terms by energy suppliers vs previous year

Net Financial Profile and Cash Position

- In Q1 2023, NFP (w/o Potential Debt) stands at €453.3m with leverage* at 3.1x on EBITDA
- Major impact in Net Debt has been triggered by an unexpected and significant increase in cost of energy carriers, resulting in a sensible increase of Working Capital and Cash Collaterals related to energy supply for the Group.
- Given the severe purchasing conditions requested by Energy Suppliers, which include acceleration of terms of payments and significant financial guarantees, the Management has prioritized tactically the renegotiation of contractual terms with the customers, enhancing the advance payments, and leveraging on unsecured source of funding to finance NWC spike, including Reverse Factoring €45.3 (+€27.3m vs Q1 2022) and Non-Recourse factoring at 79.8m (+€7m vs Q1 2022)
- The Company confirms its commitment to deleverage, while retaining a sound liquidity position

Other

- On 9 May 2023, Rekeep Saudi filed a request for arbitration before the International Court of Arbitration of the International Chamber of Commerce (“ICC”), pursuant to the Metro of Riyadh FM Contract, against local Consortium and key reference shareholders

❑ ***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

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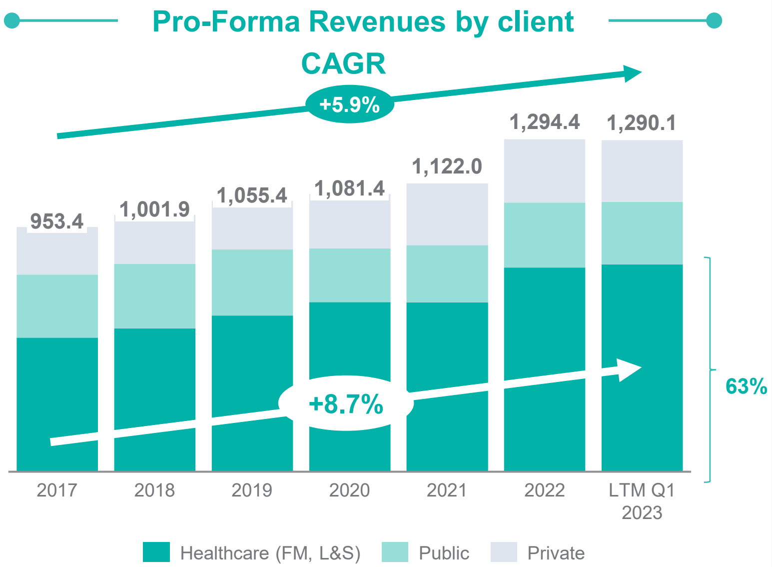
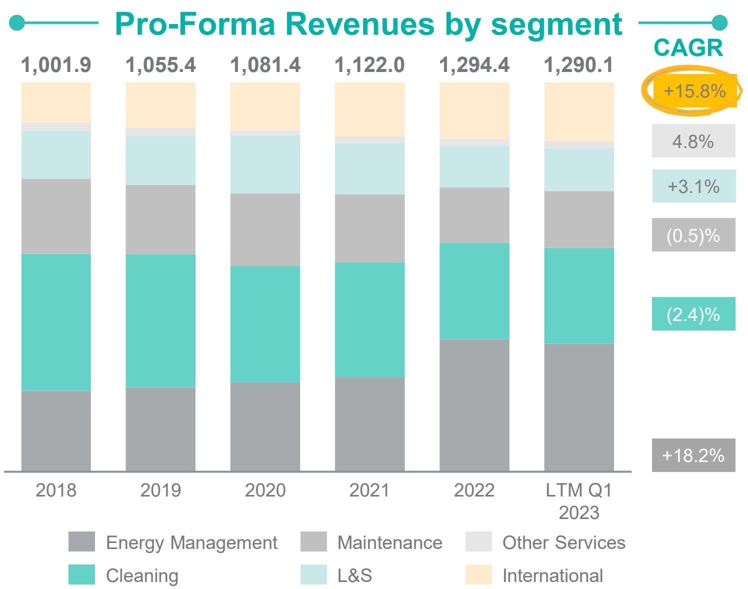
Revenues historical trend by market segment

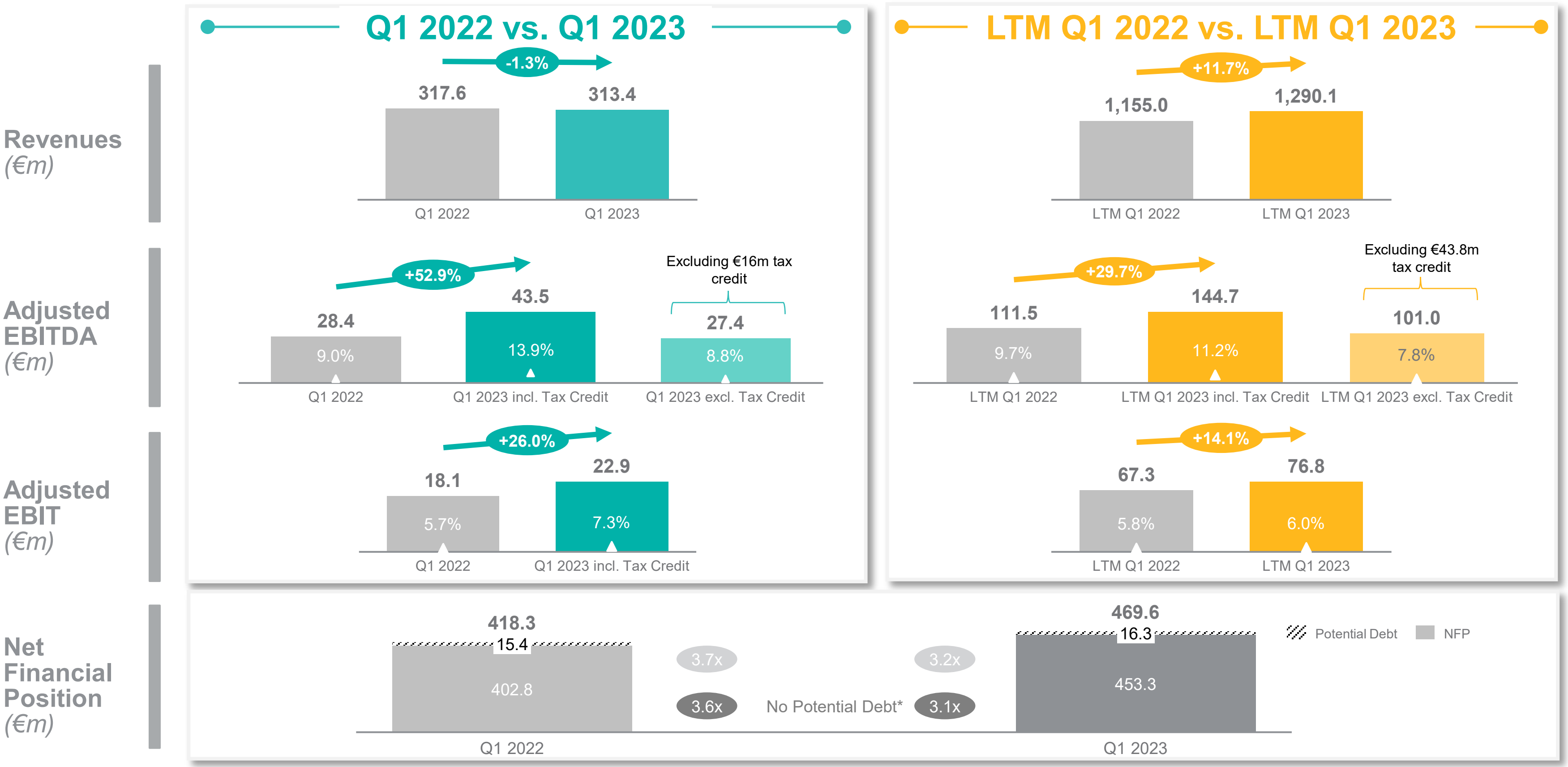




- The Group has shown an overall constant growth, with a **CAGR of +5.9%** during 2017 – LTM Q1 2023
- Specifically, **Healthcare** exposure delivered a superior growth, with a **CAGR of +8.7%** during 2017 – LTM Q1 2023 (vs 8.1% in FY2022), as well as **International business** showing a strong increase with a Pro-Forma **CAGR of +15.8%** in the period 2018 – LTM Q1 2023 (vs 4.8% Domestic revenues growth in the same period)

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

3 months and FY KPIs at a glance



_._x Leverage ▲ Margin%

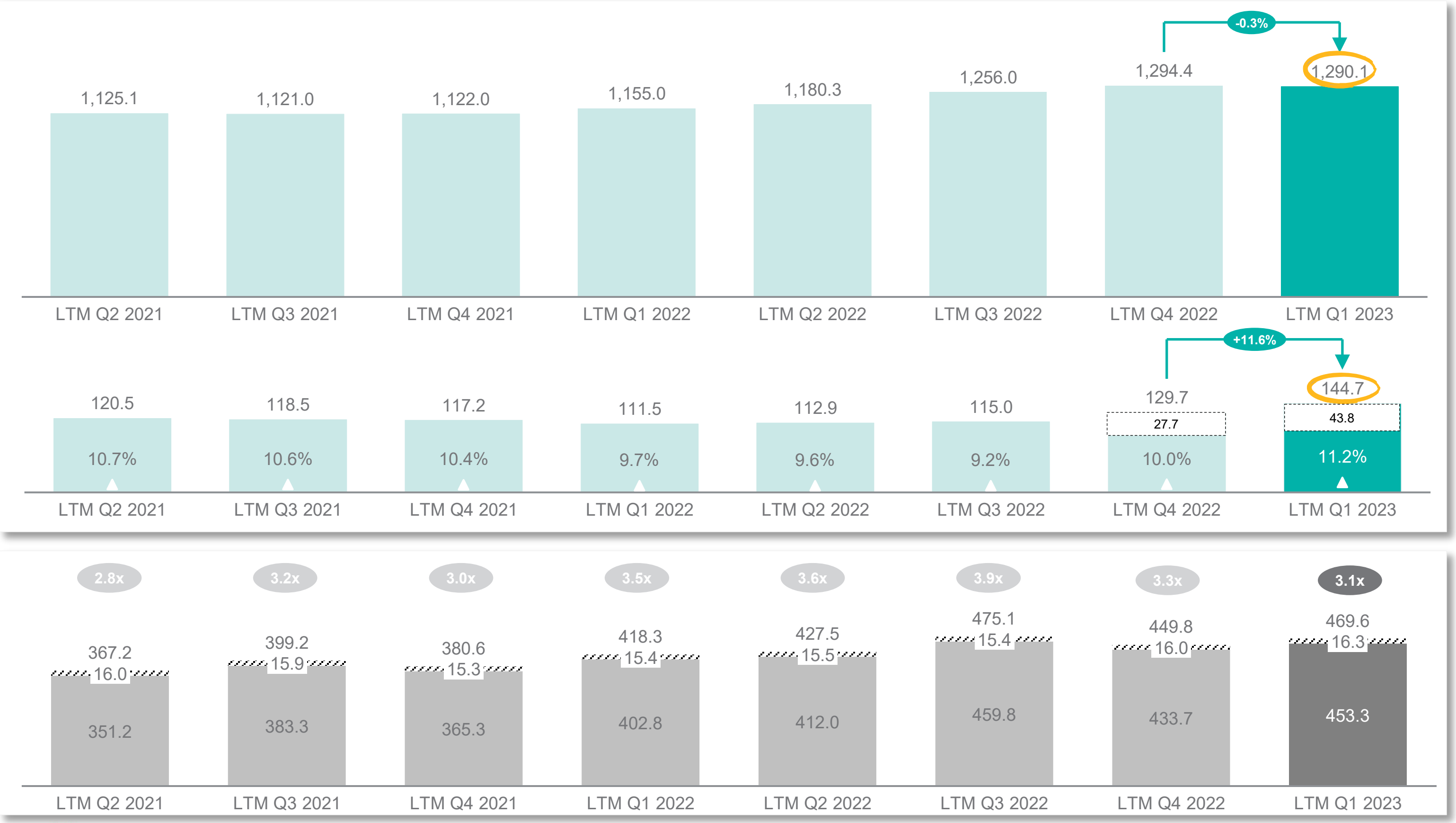
* Potential Debt mainly refers to Put Option for 20% stake in Rekeep Polska and it is measured on expected (and significantly higher) EBITDA BP 2024

LTM Performance

Revenues *(€m)*

Adjusted EBITDA *(€m)*

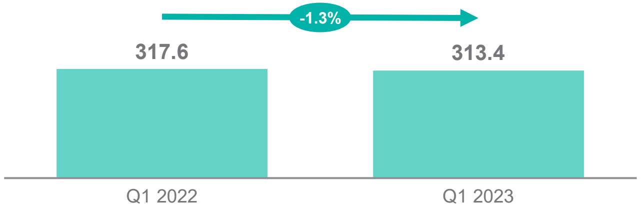
Net Financial Position *(€m)*



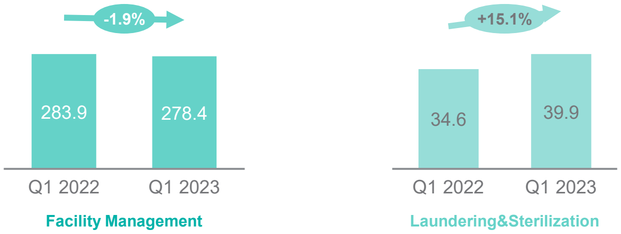
Potential Debt   _._x **Leverage w/o Potential Debt (see Definitions)**   ▲ Margin%   Tax Credit

Revenues, YoY

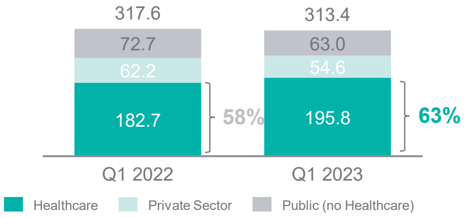
Revenues



Revenues by segment(*)



Revenues by client



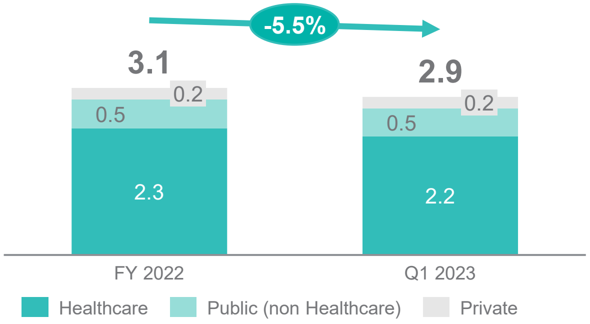
Comments

- Q1 2023 Revenues slightly decrease vs Q1 2022 (-1.3% QOQ) landing at €313.4m
- The trend in volumes in Q1 2023 is driven by:
  - FM segment decrease -1.9% vs Q1 2022, mainly due to reduction in energy carrier prices reducing revenue volumes
  - \+ A good performance for International business, especially from Polish activities
  - \+ L&S volume increase (+15.1% QOQ) back on sustainable path after the resumption of routine operations, and positively supported by the inception of one key large Hospital
- **Healthcare confirms being almost 2/3 of volumes (63%) in Q1 2023**

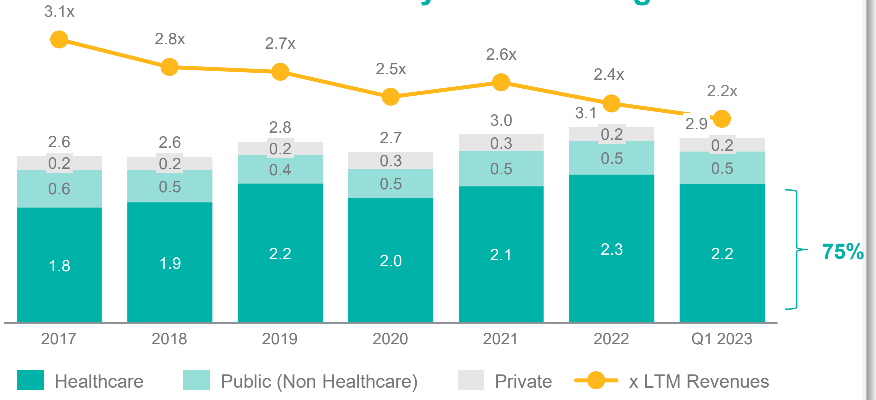
(*) Gross of intra-group eliminations ≈ €3.5m per annum

Backlog

Backlog, €bn



Revenue visibility from Backlog



Comments

- Group Backlog ranks €2.9bn at Q1 2023, showing a slight decrease vs FY 2022
- Backlog coverage at 2.2x over Revenues.

(*) Backlog / Revenues ratio: it is important to be noted that backlog calculation – differently from revenues – is accounted as per historical tender values, not including updated inflationary effect, therefore Backlog at 2.2x over Revenues is not meaningful but should be adjusted to assess the actual coverage ratio.

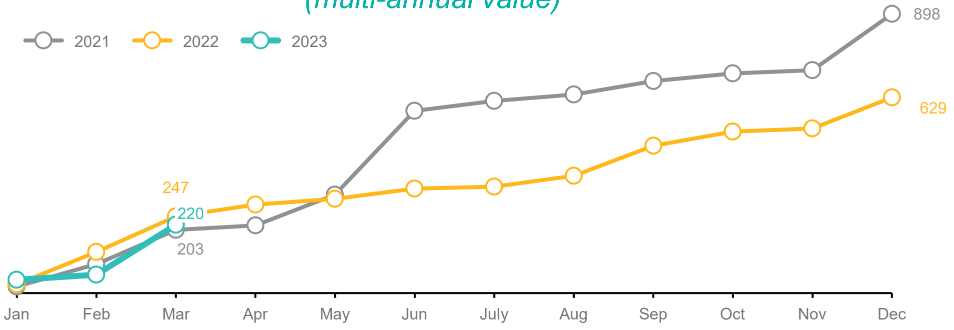
- **Healthcare accounts for more than 75% of total Backlog**

As of today, Backlog does not include Saudi contract backlog

Commercial Activity

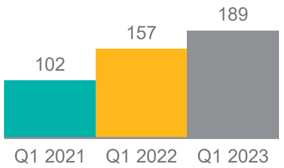
Value of contracts signed YTD 2023, €m

(multi-annual value)

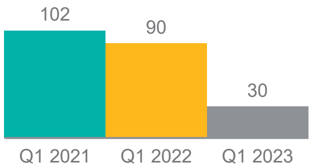


Breakdown of signed contracts Q1 2023, €m

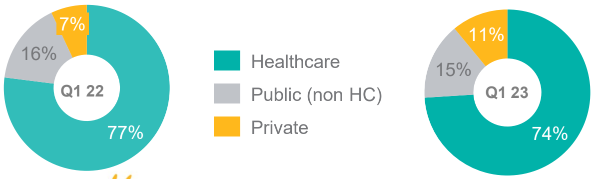
Renewals



New Market



Signed contracts by Client Q1 2023, %

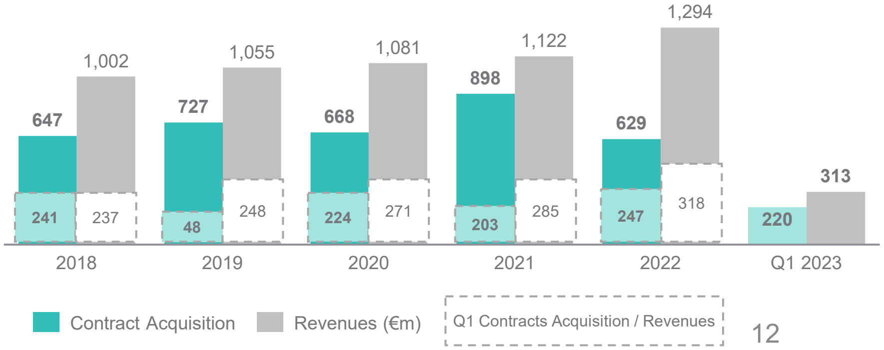


Sales activity

- Commercial performance generally in line with previous years
- Q1 2023 commercial activity was mostly driven by:
  - ✓ **Renewals**: intense performance (€189m), with main benefit from Healthcare (both in Italy and Poland) and Private segment.
  - ✓ **New market**: In Q1 2023 €30m new business acquisition in Healthcare market

Reaffirmed Group strategy in repositioning as Healthcare FM provider with **74%** of signed contracts (both Renewals and New market) in Healthcare segment

Revenues and Contract Acquisition



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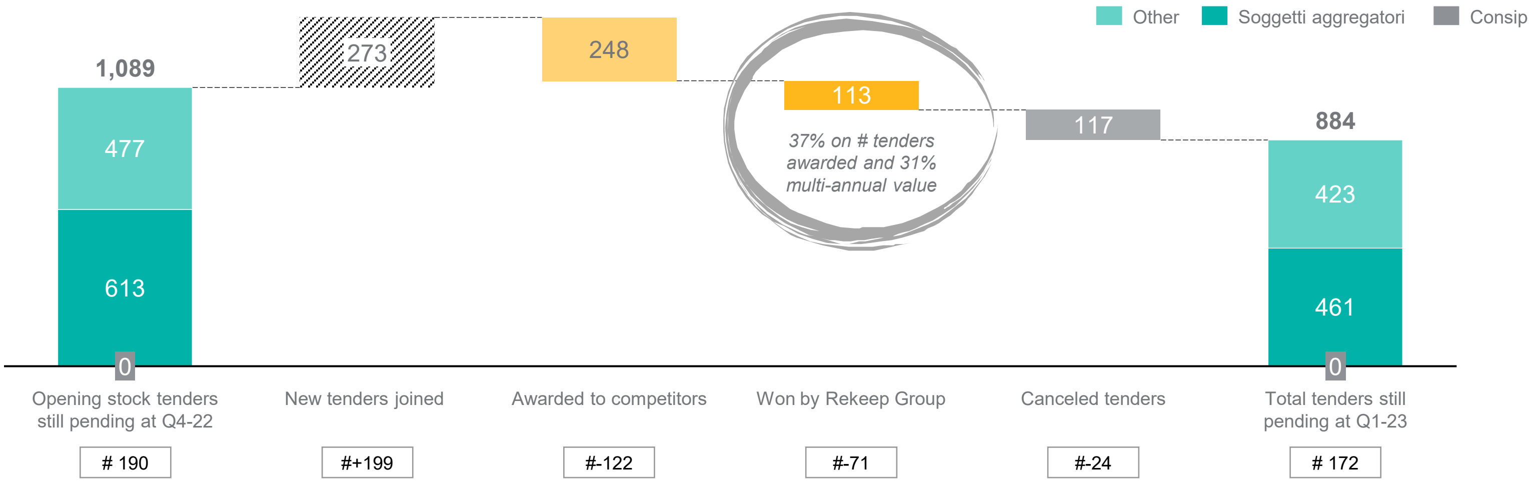
Tenders Pipeline – YTD 2023

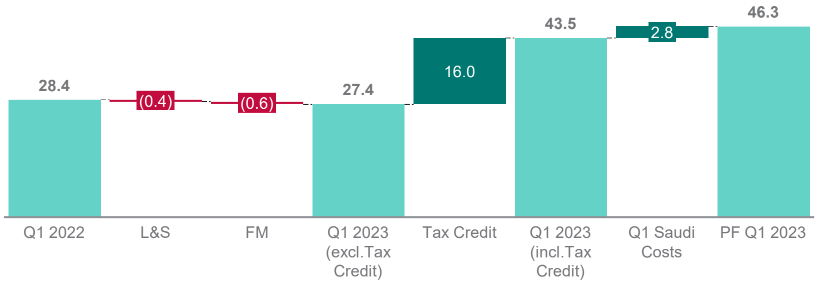
Tenders Pipeline Bridge by Stock tenders and New tenders, €m



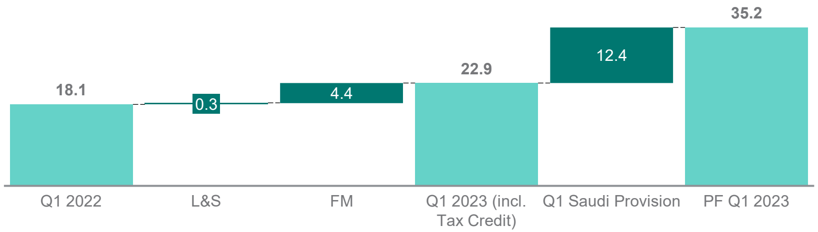
- In Q1 2023, Rekeep Group achieved an impressive win rate of 37% on # of tenders (71 out of 193) and 31% on value of tenders, including Poland contribution
- Total amount of tenders still pending (Pipeline) accounts for approx. € 0.9bn

EBITDA and EBIT, YoY

Pro-Forma EBITDA



Pro-Forma EBIT



Comments

- Quarterly Adjusted EBITDA registers a positive performance and reaches €43.5m, with an increase of +52.9% vs Q1 2022 mainly given by the support of the Q1 Tax Credit

- Excluding Tax Credit effect, the quarter result is defined by:
  - \+ A general good ongoing performance by Poland business
  - \+ L&S substantially in line vs Q1 2022 positively supported by the inception of one key large Hospital
  - \- Slight decrease in the Facility Management segment impacted by Saudi costs for €2.8m

- *Quarterly EBIT increase vs Q1 2022 due to positive effect of Tax Credit: excluding Tax Credit effect, quarter result are negatively impacted by extraordinary provision related to Saudi operations*

Net Financial Expenses, Taxes, Net Result

Net Financial Expenses, €m	Taxes, €m	Net Result, €m
Q1 2023	**Q1 2023**	**Q1 2023**
€12.4m *(o/w €11.6m monetary)*	€3.8m	€ 5.8m 1.9 % of Revenues
Q1 2022	**Q1 2022**	**Q1 2022**
€9.0m *(o/w €8.5m monetary)*	€4.3m	€3.9m 1.2 % of Revenues

Q1-2023 Net Financial expenses increase by approx. €3.4m vs Q1-2022 is mainly due to rise of variable costs and utilisation of RCF, factoring lines

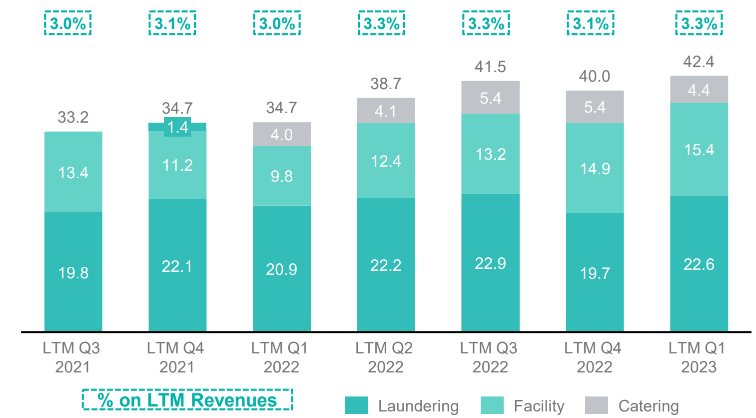
Q1 2023 Net Result is positive at €5.8m

Industrial Capex

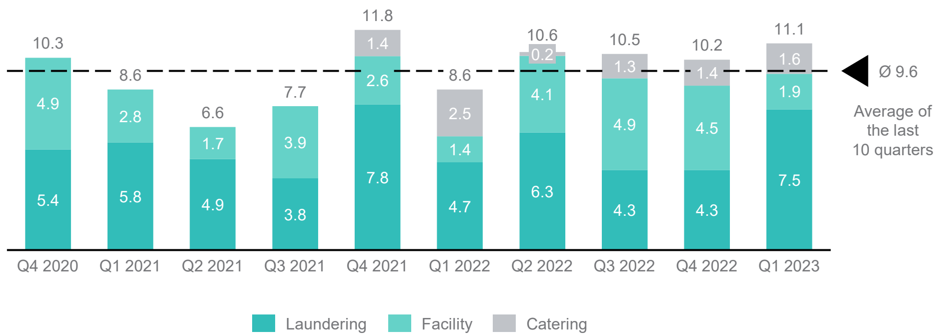
Q1 2023	Q1 2022
€11.1m	€8.6m

- Q1 2023 Capex at €11.1m, while LTM Q1-2023 amounted to €42.4m
- FM Capex are driven by IT software investments and international business investments, especially related to catering in Poland
- L&S investments mainly refer to the standard purchase of linen (both current and new contracts)
- LTM Q1 2023 recurring Capex stood at 3.3% as sustainable level for the business

LTM Industrial Capex, €m

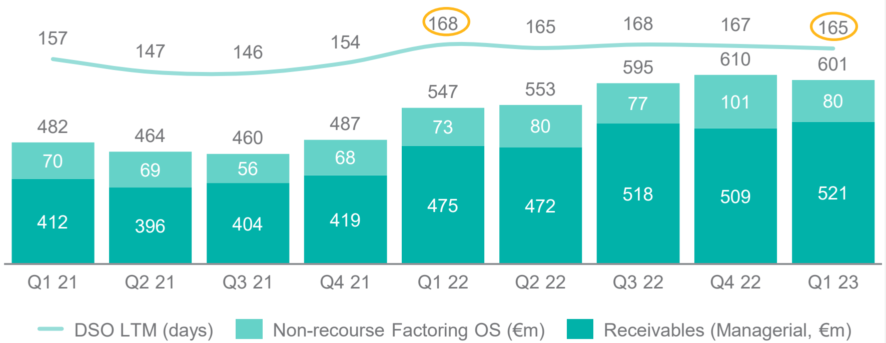


Industrial Capex by quarter, €m

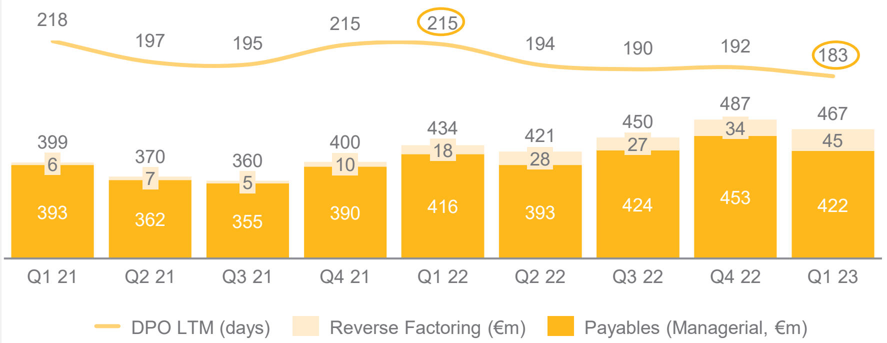


DSOs & DPOs

Gross Receivables and DSO



Payables and DPO (*)



Comments

- **Slight decrease in DSO but still above the Group historical level**, mainly related to the contingent situation on energy raw materials price surge which has impacted the Group and its invoicing contractual terms to customers since Q4 2021:
  - ✓ DSOs at 165 days with a decrease (-3 days) DSO vs Q1 2022
  - ✓ Volume effect due to the increase in prices for energy raw materials
  - ✓ Level of Non-Recourse factoring reaching €79.8m at Q4 2022 (+€7m), quite in line with the increase of receivables stock / volumes, being 6.2% on LTM Revenues
- Negative cash effect triggered by **DPOs** at 183 days with a decrease -32 days vs. Q1 2022, which is mainly due to advanced payment of certain energy suppliers - and partially funded through Reverse Factoring vs the previous year (increased by +€27m vs Q1 2022)

❖ *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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(*) With respect to previous presentation, DPO are pro-forma for the Tax Credit impact, i.e. raw materials costs have not been reduced by Tax Credit amounts

Net Operating Working Capital

NOWC

Q1 2023

€112.5m
(o/w €21.1m related to Poland)

Q1 2022

€71.9m
(o/w €26.5m related to Poland)

- NOWC increase by €40.6m vs Q1 2022 is mainly due to the effect of the increase of volumes in energy management business, and amplified by the Q1 customary winter season effect, which is formally concluding on April with customary end-of-season settlements
- The increase is mainly related to Domestic perimeters where Energy Management services are carried out
- Excluding Rekeep Polska, NOWC is 8.0% 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)

NOWC / LTM Revenues

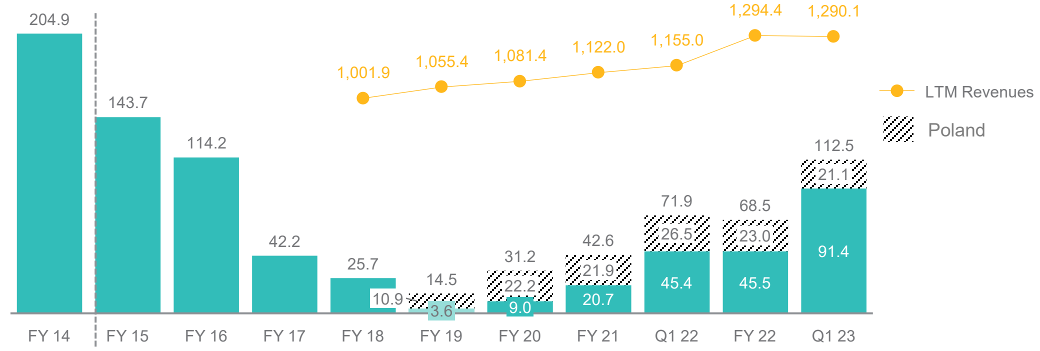
Q1 2023

8.7%
(8.0% excl. Poland)

Q1 2022

6.2%
(4.4% excl. Poland)

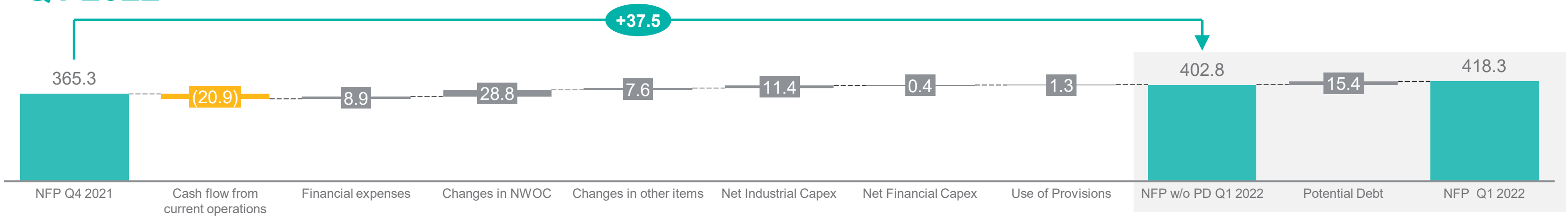
Net Operating Working Capital Trend, €m



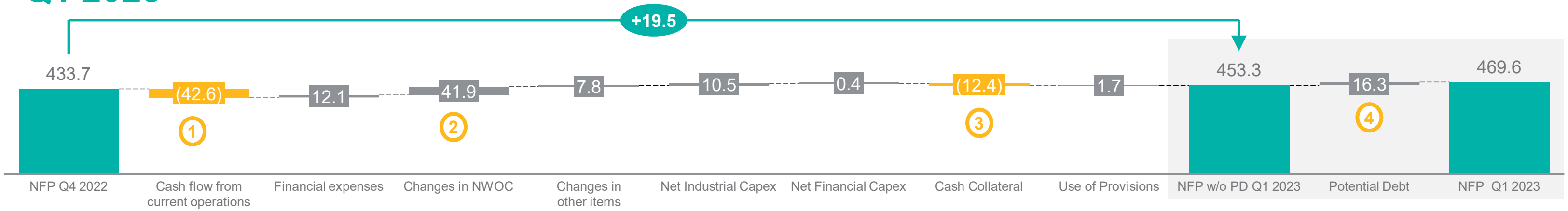
Introduction of «Split Payment» and «Reverse Charge»

Focus on NFP changes Q1 2023 vs Q1 2022 (€m)

Q1 2022



Q1 2023



Main changes in Q1 2023 vs Q1 2022

1. Higher cash-flow from operations due to higher contribution from business operations
2. The increase in Change in NWOC is mainly due to the increase in trade receivables vs Q4 2022
3. Reclassification as cash equivalents of a partial amounts of the cash pledged as collateral for gas supply contracts
4. Put Option accounted for the future potential payment of 20% stake of R. Polska in 2025; measured on the basis of the expected (and significantly higher) EBITDA BP 2024

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Focus on Liquidity and Credit Facilities

Data as of March 2023	Amount (€m)	x Pro-Forma EBITDA	Liquidity Available
Reference LTM EBITDA		**144,7**	
Cash on Balance Sheet	(73,4)		(73,4)
Short Term Financial Assets	(16,1)		(16,1)
SSN @ 2026 - 7.25% Coupon	370,0		
Other on SSN (Amortized Cost, Accrued Interest)	(0,7)		
ssRCF (€75m)	-		(75,0)
Total Senior Secured NFP	**279,8**	**1,9x**	
Recourse Factoring	24,1		
Reverse factoring	45,3		
Term Loans & Bank Overdrafts	17,1		
Financial Leasing	22,4		
Other Financial Debt	38,0		
IFRS Adjustments	*26,7*		
Net Financial Position w/o Potential Debt	**453,3**	**3,1x**	
Potential Debt	*16,3*		
Net Financial Position	469,6	3,2x	
No-Recourse Factoring	*79,8*		*(220,2)*

(*) 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

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Annex

Tax Credit – Legislative Decree No. 21/2022

Tax Credit

Key Takeaways

01

- Rekeep Group benefited from the tax credit provided for *non-energy* and *non-gas-consuming* companies initially introduced by Decree-Law No. 21/2022 (and extended several times) to compensate for the increase in the energy prices (both electricity and natural gas) with reference to Q2, Q3 and Q4 of 2022 and Q1 2023

02

- Total credit accrued in LTM Q1 2023 is **€43.8m**

03

- Tax Credit was most recently **extended to Q2 of 2023** by Finance Act for 2023 (Law No. 197/2022).
- **Q2 2023 Tax Credit can be estimated at approx. €[1-2]m**

04

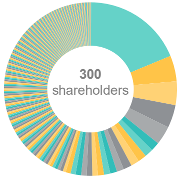
- Tax Credit can only be used to offset payments due related to F24 forms (social security, withholding taxes on employee income) paid monthly by the Company

05

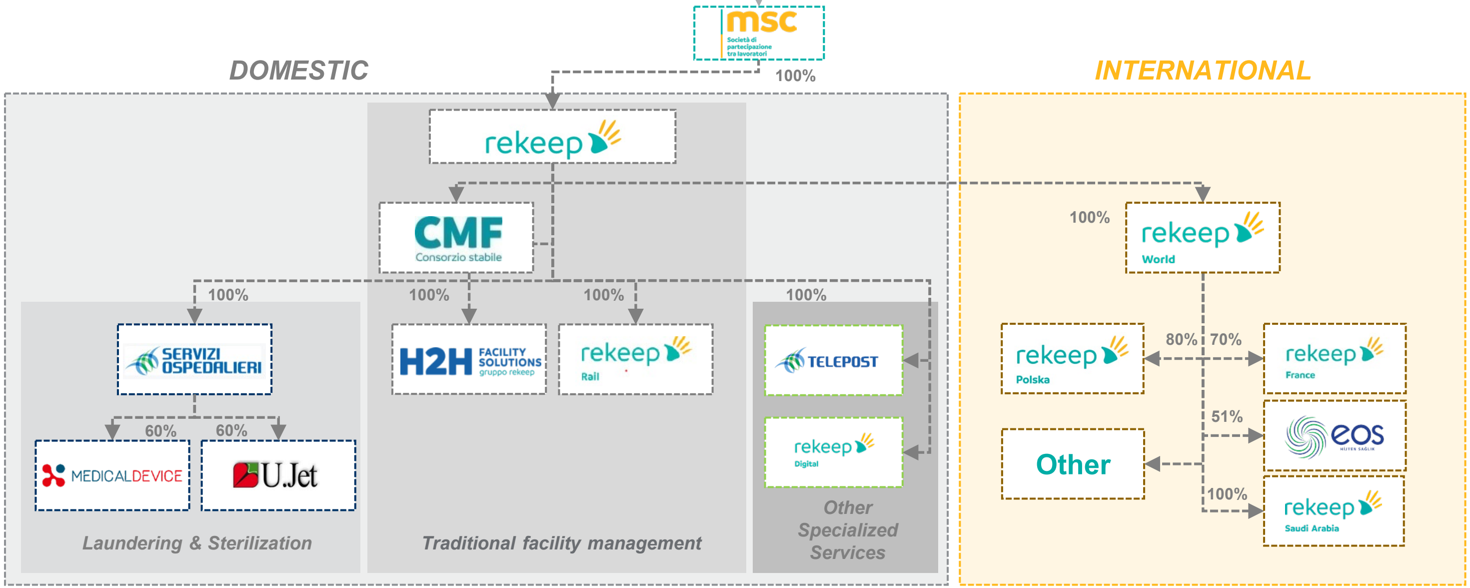
- Remaining Tax Credit is equal to **€26.7m** at 31.03.2023

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

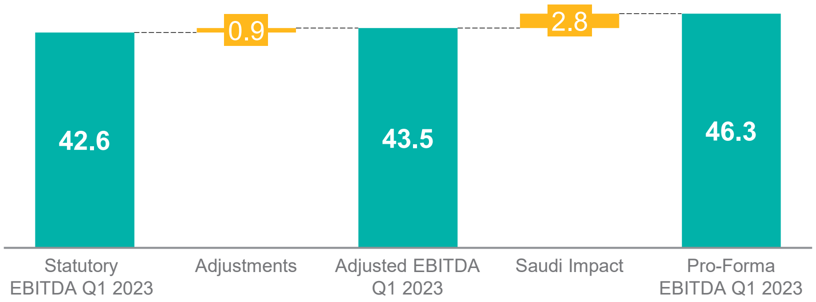


- A vast majority of Managers now involved as investors in shareholding of the Company (166 white collars of the Group)
- 20 shareholders - key managers and senior executives - own more than 50% of the shares

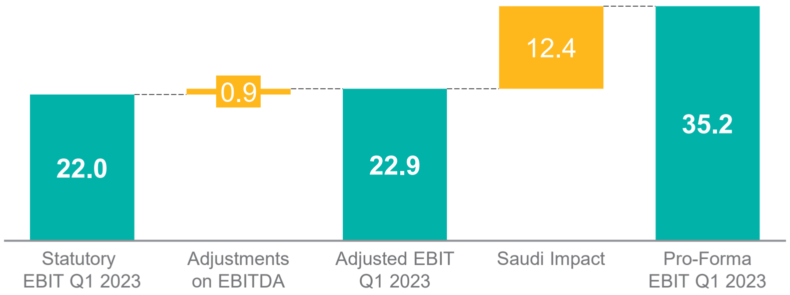


Adjustments to EBITDA and EBIT

Bridge to EBITDA, €m



Bridge to EBIT, €m



Adjustments on EBITDA, €m	
Extraordinary Advisory Fees	**0.2**
Re-organizations	**0.7**
Total Adjustments on EBITDA	**0.9**
Adjustments on EBIT, €m	
Adjustments on EBIT	-
Total Adjustments on EBIT	**0.9**

Pro-Forma on EBITDA and EBIT, €m	
Saudi impact	**12.4**
Total Pro-Forma on EBITDA and EBIT	**12.4**

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)	31 Mar 2023	31 Dec 2022	Change
USES			
Trade receivables and advances to suppliers	560.265	537.227	23.038
Inventories	12.860	12.088	772
Trade payables and advances from customers	(460.632)	(480.808)	20.176
Net working operating capital	***112.493***	***68.507***	***43.986***
Other element of working capital	(125.866)	(120.289)	(5.577)
Net working capital	***(13.373)***	***(51.782)***	***38.409***
Tangible assets	150.017	147.874	2.143
Intangibles assets	422.712	423.223	(511)
Investments accounted for under the equity method	11.240	10.121	1.119
Other non current assets	35.013	51.270	(16.257)
Operating fixed assets	***618.982***	***632.488***	***(13.506)***
Non current liabilities	(56.643)	(57.972)	1.329
Net invested capital	***548.966***	***522.734***	***26.232***
SOURCES			
Minority interests	6.318	6.096	222
Equity attributable to equity holders of the parent	73.058	66.862	6.196
Shareholders' equity	***79.376***	***72.958***	***6.418***
Net financial indebtedness	469.590	449.776	19.814
Total financing sources	***548.966***	***522.734***	***26.232***

ANNEX

PROFIT&LOSS *(€/000)*	**For the period ended 31 Mar**	
	2023	**2022**
Total revenues	313.373	317.626
Total costs of production	(270.803)	(290.043)
EBITDA	**42.570**	**27.583**
EBITDA %	***13,58%***	***8,68%***
Amortization/depreciation, write-downs and write-backs of assets	(10.022)	(9.917)
Accrual of provisions for risks and charges	(10.593)	(530)
Operating income	**21.955**	**17.136**
Operating Income %	***7,01%***	***5,40%***
Share of net profit of associates	68	159
Net financial charges	(12.411)	(9.022)
Profit before taxes from continuing operations	**9.612**	**8.273**
Profit before taxes from continuing operations %	***3,07%***	***2,60%***
Income taxes	(3.782)	(4.328)
Profit from continuing operations	**5.830**	**3.945**
Loss for the period from discontinued operation	-	-
Net profit for the period	**5.830**	**3.945**
Net profit for the period %	***1,86%***	***1,24%***
Minority interests	(312)	(83)
Net profit for the period attributable to equity holders of the parent	**5.518**	**3.862**
Net profit for the period attributable to equity holders of the parent %	***1,76%***	***1,22%***

ANNEX

STATEMENT OF CASH FLOW (Statutory) (€/000)	31 Mar 2023	31 Mar 2022
CASH at the beginning of the period	**84.243**	**99.512**
Cash flow from current operations	30.156	11.846
Use of provisions for risks and charges and for employee termination indemnity	(1.681)	(1.320)
Change in NWOC	(41.937)	(28.755)
Industrial Capex, net of disposals	(10.482)	(11.405)
Financial Capex	11.963	(417)
Other changes	(7.834)	(7.558)
Change in net financial liabilities	8.993	16.725
CASH at the end of the period	**73.422**	**78.629**

What’s next

- ✓ Rekeep to attend **High Yield & Leveraged Finance Conference by UniCredit** taking place on Monday, 22 May 2023 in Milan

- ✓ Next call on Q2 2023 will be held on August 30^{th}, 2023

- ✓ Rekeep Financial Calendar available on:
  https://www.rekeep.com/en/investors/financial-info/financial-calendar