IMPORTANT NOTICE

THIS OFFERING IS AVAILABLE ONLY TO INVESTORS WHO ARE EITHER (1) QUALIFIED INSTITUTIONAL BUYERS ("QIBs") WITHIN THE MEANING OF RULE 144A ("RULE 144A") UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE "U.S. SECURITIES ACT"), OR (2) PERSONS WHO ARE OUTSIDE THE UNITED STATES IN ACCORDANCE WITH REGULATION S ("REGULATION S") UNDER THE U.S. SECURITIES ACT (AND, IF INVESTORS ARE RESIDENT IN A MEMBER STATE OF THE EUROPEAN ECONOMIC AREA (THE "EEA") OR THE UNITED KINGDOM, ONLY IF THEY ARE QUALIFIED INVESTORS (WITHIN THE MEANING OF ARTICLE 2(E) OF REGULATION (EU) 2017/1129 (IN THE UNITED KINGDOM AS IT FORMS PART OF DOMESTIC LAW BY VIRTUE OF THE EUROPEAN UNION (WITHDRAWAL) ACT 2018)) AND NOT RETAIL INVESTORS).

IMPORTANT: You must read the following before continuing. The following applies to the offering memorandum following this notice (the "**offering memorandum**"), whether received by e-mail or otherwise. You are therefore advised to read this disclaimer carefully before reading, accessing or making any other use of the offering memorandum. In accessing the offering memorandum, you agree to be bound by the following terms and conditions, including any modifications to them any time you receive any information from us as a result of such access. The offering memorandum has been prepared in connection with the proposed offering and sale of the securities described therein. The offering memorandum and its contents are confidential and should not be distributed, published or reproduced (in whole or in part) or disclosed by recipients to any other person.

NOTHING IN THIS ELECTRONIC TRANSMISSION CONSTITUTES AN OFFER OF SECURITIES FOR SALE IN ANY JURISDICTION WHERE IT IS UNLAWFUL TO DO SO. THE SECURITIES HAVE NOT BEEN, AND WILL NOT BE, REGISTERED UNDER THE U.S. SECURITIES ACT OR THE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES OR ANY OTHER JURISDICTION AND THE SECURITIES MAY NOT BE OFFERED OR SOLD WITHIN THE UNITED STATES, EXCEPT PURSUANT TO AN EXEMPTION FROM, OR IN A TRANSACTION NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE U.S. SECURITIES ACT AND APPLICABLE STATE OR LOCAL SECURITIES LAWS OF OTHER JURISDICTIONS.

THE FOLLOWING OFFERING MEMORANDUM WILL BE ACCESSIBLE IN ELECTRONIC FORMAT AND YOU ACKNOWLEDGE THAT YOU RECEIVED THE OFFERING MEMORANDUM IN A FORM THAT MAY NOT BE FORWARDED OR DISTRIBUTED TO ANY OTHER PERSON AND MAY NOT BE REPRODUCED IN ANY MANNER WHATSOEVER. ANY FORWARDING, DISTRIBUTION OR REPRODUCTION OF THIS DOCUMENT, IN WHOLE OR IN PART, IS UNAUTHORIZED. FAILURE TO COMPLY WITH THIS DIRECTIVE MAY RESULT IN A VIOLATION OF THE U.S. SECURITIES ACT OR THE APPLICABLE LAWS OF OTHER JURISDICTIONS. IF YOU HAVE GAINED ACCESS TO THIS OFFERING MEMORANDUM CONTRARY TO ANY OF THE FOREGOING RESTRICTIONS, YOU ARE NOT AUTHORIZED TO, AND WILL NOT BE ABLE TO, PURCHASE ANY OF THE NOTES.

Confirmation of your representation: In order to be eligible to view the offering memorandum or make an investment decision with respect to the securities described therein, investors must be either (1) QIBs or (2) persons who are outside the United States in an offshore transaction outside of the United States in reliance on Regulation S; *provided* that investors resident in a Member State of the EEA must be qualified investors (within the meaning of Article 2(e) of Regulation (EU) 2017/1129 (the "**Prospectus Regulation**") and any relevant implementing measure in each Member State of the EEA) and not EEA retail investors (as defined below) and investors resident in the UK must be qualified investors pursuant to the Prospectus Regulation as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018 (the "**EUWA**") (the "**UK Prospectus Regulation**") and not UK retail investors (as defined below). The offering memorandum is being sent at your request. By accepting the e-mail or other electronic transmission and accessing the offering memorandum, you shall be deemed to have represented to each of the Initial Purchasers (as defined in the offering memorandum), being the senders of the offering memorandum, that:

(1) you consent to delivery of such offering memorandum by electronic transmission; and

(2) either you or any customers you represent are:

 (a) QIBs and that the e-mail address to which, pursuant to your request, the attached offering memorandum has been delivered by electronic transmission is utilized by a QIB; or

(b) (i) outside of the United States and (ii) the e-mail address that you gave us and to which the electronic transmission has been delivered is not located in the United States, its territories and possessions (including Puerto Rico, the U.S. Virgin Islands, Guam, American Samoa, Wake Island and the Northern Mariana Islands), any state of the United States or the District of Columbia; and

(3) if you are resident in a Member State or the UK, you are a qualified investor (within the meaning of Article 2(e) of the Prospectus Regulation, in the UK as it forms part of domestic law by virtue of the EUWA) and not a EEA retail investor or UK retail investor, in each case as identified below.

Prospective purchasers that are QIBs are hereby notified that the seller of the securities offered under the offering memorandum will be relying on the exemption from the provisions of Section 5 of the Securities Act pursuant to Rule 144A.

You are reminded that the offering memorandum has been delivered to you on the basis that you are a person into whose possession the offering memorandum may be lawfully delivered in accordance with the laws of the jurisdiction in which you are located and you may not, nor are you authorized to, deliver the offering memorandum to any other person.

Under no circumstances shall the offering memorandum constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of, these securities in any jurisdiction in which such offer, solicitation or sale would be unlawful.

The materials relating to the offering do not constitute, and may not be used in connection with, an offer or solicitation in any place where offers or solicitations are not permitted by law. If a jurisdiction requires that the offering be made by a licensed broker or dealer and the Initial Purchasers (as defined in the attached offering memorandum) or any affiliate of the Initial Purchasers is a licensed broker or dealer in that jurisdiction, the offering shall be deemed to be made by the Initial Purchasers or such affiliate on behalf of the Issuer in such jurisdiction. Under no circumstances shall the offering memorandum constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of, these securities in any jurisdiction in which such offer, solicitation or sale would be unlawful.

The offering memorandum has not been approved by an authorized person in the United Kingdom and is only being distributed to and is only directed at persons who (i) have professional experience in matters relating to investments and are investment professionals falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005, as amended (the "**Order**"), (ii) are high net worth companies, and other persons to whom it may lawfully be communicated, falling within Article 49(2)(a) to (d) of the Order, (iii) are outside the United Kingdom or (iv) are persons to whom an invitation or inducement to engage in investment activity within the meaning of section 21 of the Financial Services and Markets Act 2000 (the "**FSMA**") in connection with the issue or sale of any securities may otherwise lawfully be communicated or caused to be communicated (all such persons together being referred to as "relevant persons"). The offering memorandum is directed only at relevant persons and must not be acted on or relied on by persons who are not relevant persons. Any investment or investment activity to which the offering memorandum relates is available only to relevant persons and will be engaged in only with relevant persons. No part of the offering memorandum should be published, reproduced, distributed or otherwise made available in whole or in part to any other person.

References to Regulations or Directives include, in relation to the UK, those Regulations or Directives as they form part of UK domestic law by virtue of the EUWA or have been implemented in UK domestic law, as appropriate.

No person may communicate or cause to be communicated any invitation or inducement to engage in investment activity (within the meaning of Section 21 of the FSMA) received by it in connection with the issue or sale of the securities other than in circumstances in which Section 21(1) of the FSMA does not apply to us.

The offering memorandum has been sent to you in electronic form. You are reminded that documents transmitted via this medium may be altered or changed during the process of electronic transmission and consequently none of the Initial Purchasers, any person who controls any Initial Purchaser, the Issuer (each as defined in the attached offering memorandum), any of their respective directors, officers, employees, agents or affiliates of the foregoing entities or persons, accepts any liability or responsibility whatsoever in respect of any difference between the offering memorandum distributed to you in electronic form and any version that will be provided to you at a later date upon your request from any Initial Purchaser.

MiFID II product governance / Professional investors and ECPs (as defined below) only target market: Solely for the purposes of each manufacturer's product approval process, the target market assessment in respect of the securities described in this offering memorandum has led to the conclusion that: (i) the target market for such securities is eligible counterparties ("**ECPs**") and professional clients only, each as defined in Directive 2014/65/EU (as amended, "**MiFID II**"); and (ii) all channels for distribution of such securities to ECPs and professional clients are appropriate. Any person subsequently offering, selling or recommending such securities (a "**distributor**") should take into consideration the manufacturers' target market assessment; however, and without prejudice to the Issuer's obligations in accordance with MiFID II, a distributor subject to MiFID II is responsible for undertaking its own target market assessment in respect of such securities (by either adopting or refining the manufacturers' target market assessment) and determining appropriate distribution channels.

Prohibition of sales to EEA retail investors: The securities described in this offering memorandum are not intended to be offered, sold, distributed or otherwise made available to and should not be offered, sold, distributed or otherwise made available to any retail investor in the EEA. For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of MiFID II; (ii) a customer within the meaning of Directive 2016/97/EU (as amended, the "**Insurance Distribution Directive**"), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or (iii) not a qualified investor as defined in the Prospectus Regulation. Consequently, no key information document required by Regulation (EU) No 1286/2014 (as amended, the "**PRIIPs Regulation**") for offering, selling or distributing the securities or otherwise making them available to retail investors in the EEA has been prepared and therefore offering, selling or distributing the securities or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPs Regulation.

This offering memorandum has been prepared on the basis that any offer of the securities in any Member State of the EEA will be made pursuant to an exemption under the Prospectus Regulation from the requirement to publish a prospectus for offers of the securities. This offering memorandum is not a prospectus for the purposes of the Prospectus Regulation.

UK MiFIR product governance / Professional investors and ECPs only target market: Solely for the purposes of each manufacturer's product approval process, the target market assessment in respect of the securities described in this offering memorandum has led to the conclusion that: (i) the target market for such securities is only eligible counterparties, as defined in the FCA Handbook Conduct of Business Sourcebook ("**COBS**"), and professional clients, as defined in Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018 ("**UK MiFIR**"); and (ii) all channels for distribution of such securities to eligible counterparties and professional clients are appropriate. Any person subsequently offering, selling or recommending such securities (a "**distributor**") should take into consideration the manufacturer's target market assessment; however, a distributor subject to the FCA Handbook Product Intervention and Product Governance Sourcebook (the "**UK MiFIR Product Governance Rules**") is responsible for undertaking its own target market assessment in respect of such securities (by either adopting or refining the manufacturers' target market assessment) and determining appropriate distribution channels.

Prohibition of sales to UK retail investors: The securities described in the attached offering memorandum are not intended to be offered, sold, distributed or otherwise made available to and should not be offered, sold, distributed or otherwise made available to any retail investor in the United Kingdom (the "**UK**"). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client, as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of domestic law by virtue of the EUWA; (ii) a customer within the meaning of the provisions of the FSMA and any rules or regulations made under the FSMA to implement Directive (EU) 2016/97, where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the EUWA; or (iii) not a qualified investor as defined in Article 2 of Regulation (EU) 2017/1129 as it forms part of domestic law by virtue of the EUWA. Consequently, no key information document required by Regulation (EU) No 1286/2014 as it forms part of domestic law by virtue of the EUWA (the "**UK PRIIPs Regulation**") for offering, selling or distributing the securities or otherwise making them available to retail investors in the UK has been prepared and, therefore, offering, selling or distributing the securities or otherwise making them available to any retail investor in the UK may be unlawful under the UK PRIIPs Regulation.

This offering memorandum has been prepared on the basis that any offer of the securities described in the attached offering memorandum in the UK will be made pursuant to an exemption under the UK Prospectus Regulation from a requirement to publish a prospectus for offers of Notes. This offering memorandum is not a prospectus for the purpose of the UK Prospectus Regulation.

Offering Memorandum **Confidential**
Not for General Distribution
in the United States of America

Rekeep S.p.A.

€360,000,000 9.00% Senior Secured Notes due 2029

Rekeep S.p.A., a joint stock company (*società per azioni*) incorporated under the laws of Italy (the "**Issuer**"), is offering (the "**Offering**") €360.0 million aggregate principal amount of its 9.00% senior secured notes due 2029 (the "**Notes**"). The Notes will be issued by the Issuer under an indenture (the "**Indenture**"), to be dated on or about February 20, 2025 (the "**Issue Date**"), among, *inter alios*, the Issuer, The Law Debenture Trust Corporation p.l.c., as trustee (the "**Trustee**") and UniCredit S.p.A., as security agent (the "**Security Agent**"). The Notes will mature on September 15, 2029. The Issuer will pay interest on the Notes semi-annually in arrears on each April 10 and October 10, commencing on October 10, 2025. Interest on the Notes will accrue from the Issue Date (as defined herein). Prior to September 15, 2026, the Issuer may redeem up to 40% of the aggregate principal amount of the Notes with the net proceeds from one or more equity offerings at a redemption price equal to 109.0% of the aggregate principal amount of the Notes redeemed, plus accrued and unpaid interest and additional amounts, if any. Prior to September 15, 2026, the Issuer may on one or more occasions redeem during each calendar year commencing on the Issue Date up to 10% of the then-outstanding aggregate original principal amount of the Notes at a redemption price equal to 103.0% of the principal amount of the Notes redeemed, plus accrued and unpaid interest and additional amounts, if any. Prior to September 15, 2026, the Issuer may also redeem all or a portion of the Notes at a redemption price equal to 100% of the principal amount of the Notes redeemed plus accrued and unpaid interest and additional amounts, if any, to the redemption date plus a "make-whole" premium, as described in this offering memorandum (this "**Offering Memorandum**"). At any time on or after September 15, 2026 and until, but excluding, the Maturity Date, the Notes may be redeemed at 104.5%. The Notes are redeemable at par on the Maturity Date. The Issuer may also redeem all of the Notes upon the occurrence of certain changes in applicable tax law at a redemption price equal to 100% of the amount of the Notes, plus accrued and unpaid interest and additional amounts, if any. Upon the occurrence of certain events constituting a change of control, each holder of the Notes may require the Issuer to repurchase all or a portion of its Notes at 101% of their principal amount plus accrued and unpaid interest and additional amounts, if any. Moreover, in the event the Issuer or any of its Restricted Subsidiaries receives Net Available Cash (as defined herein) at any time until, but excluding, the Maturity Date, from one or more Specified Asset Disposals (as defined herein) (in each case, the "**Specified Asset Disposal Sale Proceeds**") the Issuer shall, within 45 Business Days after the receipt of the relevant Specified Asset Disposal Sale Proceeds, and after giving 10 days' prior notice (which notice shall be irrevocable), (i) redeem Notes utilizing the Net Available Cash from each such Specified Asset Disposal at a redemption price equal to 103.0% in an aggregate principal amount of no more than the Specified Asset Disposal Mandatory Redemption Floor (as defined herein) and (ii) pay accrued and unpaid interest and Additional Amounts, if any, to, but not including, the applicable redemption date (subject to the right of Holders of record on the relevant record date to receive interest due on the relevant interest payment date falling prior to or on the redemption date) utilizing any funds available to the Issuer or any of its Restricted Subsidiary (the "**Specified Asset Disposal Mandatory Redemption**"), provided that, to the extent that, pursuant to the terms of the Revolving Credit Facility as of the Issue Date, such Specified Asset Disposal Sale Proceeds are required to be applied to repay Indebtedness thereunder, the amount of Notes required to be redeemed pursuant to this provision shall be reduced by such amount. See "*Description of Certain Financing Arrangements—Revolving Credit Facility Agreement—Repayments and Prepayments*."

The Notes will be senior obligations of the Issuer and no later than 10 Business Days following the Issue Date, subject to the Agreed Security Principles and certain material limitations under applicable law, will be guaranteed (the "**Notes Guarantees**" and any a "**Notes Guarantee**") on a senior basis by Servizi Ospedalieri S.p.A. ("**Servizi Ospedalieri**") and Teckal S.r.l. ("**Teckal**") (collectively, the "**Guarantors**" and any a "**Guarantor**"). On the Issue Date, the Notes are not expected to be secured by any collateral. On January 24, 2025, the Issuer, jointly with MSC Società di Partecipazione tra Lavoratori S.p.A. ("**MSC**"), the direct shareholder of the Issuer, submitted an application with the Italian Golden Power Authority (as defined herein) pursuant to the Italian Golden Power Legislation (as defined herein) in order to obtain the Italian Golden Power Clearance (as defined herein) with respect to the granting or reconfirming, as applicable, on a first-ranking basis of: (i) a pledge over all of the shares of the Issuer held by MSC (the "**Issuer Share Pledge**"), (ii) a pledge over all of the shares of Servizi Ospedalieri held by the Issuer, (iii) a pledge over all of the quotas of Teckal held by the Issuer (*i.e.*, approximately 91% of the quotas of Teckal), and (iv) an assignment by way of security of the Issuer's interest in the receivables in respect of certain material intercompany loans owing to it by the Guarantors and H2H Facility Solutions S.p.A. ("**H2H Facility Solutions**") (collectively, the "**Collateral**"). Subject to the Agreed Security Principles and certain perfection requirements, the Notes will be secured on a first-ranking basis by the Issuer Share Pledge within five Business Days and the rest of the Collateral within 30 calendar days, respectively, from and excluding the later of (i) the Issue Date and (ii) the Italian Golden Power Clearance Date (as defined herein). If the Italian Golden Power Clearance is not obtained, the Notes will remain unsecured obligations of the Issuer. See "*Risk Factors—Risks related to our business— The granting or extension of the Collateral is subject to the Italian Golden Power Clearance pursuant to the Italian Golden Power Legislation. If the Italian Golden Power Authority adopts an extensive interpretation of the Italian Golden Power Legislation and determines that it is applicable to the business of the Issuer and/or the Group, there may be an impact on the Issuer's and the Group's ability to pursue certain transactions*," "*Risk Factors—Risks related to the Notes, the Notes Guarantees and the Collateral—On the Issue Date, the Notes are not expected to be secured. The Notes will be secured by the Collateral only after we obtain the Italian Golden Power Clearance, and the outcome of such process is uncertain. Any enforcement of the Collateral may require clearance by the Italian Golden Power Authority under the Italian Golden Power Legislation*."

Subject to the Italian Golden Power Clearance, the Collateral will also secure the Revolving Credit Facility on a super senior basis pursuant to the Intercreditor Agreement (as defined herein). Subject to the Italian Golden Power Clearance, the Revolving Credit Facility will also be secured by a special lien (*privilegio speciale*) over the Issuer's movable assets. Pursuant to the Intercreditor Agreement, in the event of enforcement of the security interests over the Collateral or certain distressed sales, lenders under the Revolving Credit Facility and counterparties to certain hedging obligations (if any) will be entitled to be repaid with the proceeds from enforcement or such distressed sale in priority to the holders of the Notes. See "*Risk factors—Risks related to the Notes, the Notes Guarantees and the Collateral— Creditors under the Revolving Credit Facility and certain future hedging obligations, if any, and certain debt that we incur in the future may be entitled to be repaid with the proceeds of the Collateral securing the Notes in priority to the Notes*." The Notes Guarantees, as and when granted, and the security interests in the Collateral (as applicable) will be subject to the Agreed Security Principles (as defined herein) and contractual and legal limitations that will materially limit their enforceability, and the Notes Guarantees may be released under certain circumstances. See "*Risk factors—Risks related to the Notes, the Notes Guarantees and the Collateral" and "Certain Limitations on validity and enforceability of the Notes Guarantees and the Collateral and certain insolvency law considerations*."

Subject to and as set forth in "*Description of the Notes—Additional Amounts*," the Issuer will not be liable to pay any additional amounts to holders of the Notes in relation to any withholding or deduction required pursuant to Italian Legislative Decree No. 239 of April 1, 1996 (as amended or supplemented from time to time), and any implementing regulations ("**Decree No. 239**") or Italian Legislative Decree No. 461 of November 21, 1997 (as amended or supplemented from time to time), and any implementing regulations ("**Decree No. 461**") if the Notes are held by a person resident in a country that is not included in the list issued under Article 11(4)(c) of Decree No. 239, and otherwise in the circumstances as described in "*Description of the Notes—Additional Amounts.*" This Offering Memorandum includes information on the terms of the Notes, including redemption and repurchase prices, covenants, events of default and transfer restrictions. There is currently no public market for the Notes. We will apply to have the Notes listed on the Official List of the Luxembourg Stock Exchange (the "**LuxSE**") and traded on the LuxSE's Euro MTF market (the "**Euro MTF Market**"). There is no assurance that the Notes will be, or will remain, listed and admitted to trading on the Euro MTF Market.

The Notes will be represented on issue by one or more Global Notes (as defined herein) and the Initial Purchasers (as defined herein) expect to deliver the Notes in book-entry form through Euroclear Bank SA/NV ("**Euroclear**") and Clearstream Banking, S.A. ("**Clearstream**") on or about the Issue Date.

Investing in the Notes involves a high degree of risk. See "*Risk Factors*" beginning on page 28 of this Offering Memorandum.

Price for the Notes: 97.5% plus accrued interest, if any, from the Issue Date.

The Notes and the Notes Guarantees have not been, and will not be, registered under the U.S. Securities Act of 1933, as amended (the "U.S. Securities Act"), or the laws of any other jurisdiction. The Notes will only be offered or sold within the United States to qualified institutional buyers in reliance on the exemption from registration provided by Rule 144A under the U.S. Securities Act ("Rule 144A") and in offshore transactions in reliance on Regulation S under the U.S. Securities Act ("Regulation S"). You are hereby notified that sellers of the Notes may be relying on the exemption from the provisions of Section 5 of the U.S. Securities Act provided by Rule 144A. See "*Notice to Prospective U.S. Investors*" and "*Transfer Restrictions*" for additional information about eligible offerees and transfer restrictions.

Joint Global Coordinators and Joint Physical Bookrunners

J.P. Morgan **UniCredit**

Joint Bookrunners

Goldman Sachs International **Banca Akros S.p.A.—Gruppo Banco BPM**

The date of this Offering Memorandum is February 13, 2025.

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In making an investment decision, you should rely only on the information contained in this Offering Memorandum. None of the Issuer, the Guarantors, or any of the Initial Purchasers has authorized anyone to provide you with information that is different from the information contained herein. If given, any such information should not be relied upon. None of the Issuer, the Guarantors or any of the Initial Purchasers is making an offer of the Notes in any jurisdiction where such offering is not permitted. You should not assume that the information contained in this Offering Memorandum is accurate as of any date other than the date on the front cover of this Offering Memorandum.

IMPORTANT INFORMATION

This Offering Memorandum does not constitute an offer to sell or an invitation to subscribe for or purchase any of the Notes in any jurisdiction in which such offer or invitation is not authorized or to any person to whom it is unlawful to make such an offer or invitation. No action has been, or will be, taken to permit a public offering in any jurisdiction where action would be required for that purpose. Accordingly, the Notes may not be offered or sold, directly or indirectly, and this Offering Memorandum may not be distributed, in any jurisdiction except in accordance with the legal requirements applicable in such jurisdiction. You must comply with all laws that apply to you in any place in which you buy, offer or sell any Notes or possess this Offering Memorandum. You must also obtain any consents or approvals that you need in order to purchase any Notes. Neither the Issuer ("**we**" or "**us**") nor any of J.P. Morgan SE, UniCredit Bank GmbH, Goldman Sachs International and Banca Akros S.p.A. (together, the "**Initial Purchasers**") are responsible for your compliance with these legal requirements. See also "*Notice to Prospective U.S. Investors*," "*Notice to Certain European Investors*" and "*Plan of Distribution.*"

You should base your decision to invest in the Notes solely on information contained in this Offering Memorandum. Neither we nor the Initial Purchasers have authorized anyone to provide you with different information. In addition, neither we nor the Initial Purchasers nor any of our or their respective representatives are providing you with any legal, business, tax or other advice in this Offering Memorandum. You should consult with your own advisors as needed to assist you in making your investment decision and to advise you whether you are legally permitted to purchase the Notes.

This Offering Memorandum contains summaries believed to be accurate with respect to certain documents, but reference should be made to the actual documents for complete information. All such summaries are qualified in their entirety by such reference. Copies of certain of the documents referred to herein will be made available to prospective investors upon request to us.

None of the Initial Purchasers nor any employee or affiliate of the Initial Purchasers has authorized the contents or circulation of this Offering Memorandum. Accordingly, none of the Initial Purchasers, the Trustee (as defined herein) or any other agent or any of their respective directors, officers, employees, affiliates or advisors accept any liability for any loss suffered as a result of, arising out of, or in connection with this document or any of the information or opinions contained in it.

By receiving this Offering Memorandum, you acknowledge that you have not relied on the Initial Purchasers or their respective directors, affiliates, agents or advisors in connection with your investigation of the accuracy of this information or your decision whether to invest in the Notes. By purchasing the Notes, you will be deemed to have acknowledged that you have reviewed this Offering Memorandum and have had an opportunity to request, and have received all additional information that you need from us. No person is authorized in connection with any offering made by this Offering Memorandum to give any information or to make any representation not contained in this Offering Memorandum or any pricing term sheet or supplement and, if given or made, any other information or representation must not be relied upon as having been authorized by us or the Initial Purchasers.

The information contained in this Offering Memorandum is as of the date hereof. Neither the delivery of this Offering Memorandum at any time after the date of publication nor any subsequent commitment to purchase the Notes shall, under any circumstances, create an implication that there has been no change in the information set out in this Offering Memorandum or in our business since the date of this Offering Memorandum. You should not assume that the information contained in this Offering Memorandum is accurate as of any date other than the date on the front of this Offering Memorandum.

This Offering Memorandum is a confidential document that we are providing only to prospective purchasers of the Notes. The Issuer has prepared this Offering Memorandum solely for use in connection with the offer of the Notes and the Notes Guarantees to qualified institutional buyers under Rule 144A and to persons who are outside the United States. You should read this Offering Memorandum before making a decision whether to purchase any Notes. You agree that you will hold the information contained in this Offering Memorandum and the transactions contemplated hereby in confidence. You must not use this Offering Memorandum for any other purpose, make copies of any part of this Offering Memorandum or give a copy of it to any other person, or disclose any information in this Offering Memorandum or distribute this Offering Memorandum to any other person, other than persons retained to advise you in connection with the purchase of the Notes.

By accepting delivery of this Offering Memorandum, you agree to the foregoing restrictions and agree not to use any information herein for any purpose other than considering an investment in the Notes. This Offering Memorandum may only be used for the purpose for which it was published.

The information contained in this Offering Memorandum has been furnished by us and other sources we believe to be reliable. The information contained under the headings "*Summary,*" "*Management's Discussion and Analysis of Financial Condition and Results of Operations*," "*Industry and Market Data*" and "*Business*" includes extracts from information and data publicly released by official and other sources. While we accept responsibility for accurately summarizing such information and data, we accept no further responsibility in respect of such information. However, as far as we are aware, no information or data has been omitted which would render reproduced information inaccurate or misleading. The information set out in relation to sections of this Offering Memorandum describing clearing and settlement arrangements, including the section entitled "*Book-Entry, Delivery and Form*," is subject to any change in or reinterpretation of the rules, regulations and procedures of Euroclear or Clearstream.

We confirm that, to the best of our knowledge, information and belief, the information contained in this Offering Memorandum with regards to ourselves, our affiliates, the Group, the Notes and the Notes Guarantees is true and accurate in all material respects, that the opinions and intentions expressed in this Offering Memorandum are honestly held and that we are not aware of any other facts, the omission of which would make this Offering Memorandum or any statement contained herein misleading in any material respect. Neither the delivery of this Offering Memorandum nor any sale made under it shall, under any circumstances, create any implication that there has been no change in the affairs of the Issuer or the Group since the date of this Offering Memorandum or that the information contained in this Offering Memorandum is correct as of any time subsequent to that date.

We will not, nor will any of our agents, have responsibility for the performance of the respective obligations of Euroclear and Clearstream or their respective participants under the rules and procedures governing their operations, nor will we or our agents have any responsibility or liability for any aspect of the records relating to, or payments made on account of, book-entry interests held through the facilities of any clearing system or for maintaining, supervising or reviewing any records relating to these book-entry interests. Investors wishing to use these clearing systems are advised to confirm the continued applicability of their rules, regulations and procedures.

None of the U.S. Securities and Exchange Commission (the "**SEC**"), any state securities commission or any non-U.S. securities authority has approved or disapproved of these securities or determined that this Offering Memorandum is accurate or complete. Any representation to the contrary is a criminal offense. The Issuer will make an application to list the Notes on the Official List of the Luxembourg Stock Exchange (the "**LuxSE**") for trading on the LuxSE's Euro MTF market (the "**Euro MTF Market**"), and will submit this Offering Memorandum to the competent authorities in connection with the listing application. Comments by the competent authority may require significant modification or reformulation of information contained in this Offering Memorandum or may require the inclusion of additional information. The Issuer may also be required to update the information in this Offering Memorandum to reflect changes in our business, financial condition or results of operations and prospects. We cannot guarantee that the application for the Notes to be listed on the Official List of the LuxSE and to be admitted to trading on the Euro MTF Market will be approved as of the settlement date for the Notes or at any time thereafter, and settlement of the Notes is not conditioned on obtaining this listing.

The Issuer is offering the Notes and the Guarantors are issuing the Notes Guarantees, in reliance on an exemption from, or in a transaction not subject to, registration under the U.S. Securities Act for an offer and sale of securities that do not involve a public offering. The Notes are subject to restrictions on transferability and resale, which are described under "*Plan of Distribution*" and "*Transfer Restrictions.*" By possessing this Offering Memorandum or purchasing any Note, you will be deemed to have represented and agreed to all of the provisions contained in that section of this Offering Memorandum. You should be aware that you may be required to bear the financial risks of this investment for an indefinite period of time. The Initial Purchasers reserve the right to withdraw this offering at any time and to reject any commitment to subscribe for the Notes, in whole or in part. The Initial Purchasers also reserve the right to allot less than the full amount of Notes sought by investors. The Initial Purchasers and certain related entities may acquire a portion of the Notes for their own accounts.

STABILIZATION

IN CONNECTION WITH THIS OFFERING, J.P. MORGAN SE (THE "**STABILIZATION MANAGER**") (OR PERSON(S) ACTING ON BEHALF OF THE STABILIZATION MANAGER), MAY OVER-ALLOT NOTES OR EFFECT TRANSACTIONS WITH A VIEW TO SUPPORTING THE MARKET PRICE OF THE NOTES AT A LEVEL HIGHER THAN THAT WHICH MIGHT OTHERWISE PREVAIL. HOWEVER, THERE CAN BE NO ASSURANCE THAT THE STABILIZATION MANAGER (OR PERSON(S) ACTING ON BEHALF OF THE STABILIZATION MANAGER) WILL UNDERTAKE ANY SUCH STABILIZATION ACTION. SUCH STABILIZATION ACTION, IF COMMENCED, MAY BEGIN ON OR AFTER THE DATE OF ADEQUATE PUBLIC DISCLOSURE OF THE FINAL TERMS OF THE OFFER OF THE NOTES AND

MAY BE ENDED AT ANY TIME, BUT IT MUST END NO LATER THAN THE EARLIER OF 30 CALENDAR DAYS AFTER THE ISSUE DATE AND 60 CALENDAR DAYS AFTER THE DATE OF ALLOTMENT OF THE NOTES. ANY STABILIZATION ACTION OR OVER ALLOTMENT MUST BE CONDUCTED BY THE STABILIZATION MANAGER (OR PERSON(S) ACTING ON BEHALF OF THE STABILIZATION MANAGER) IN ACCORDANCE WITH ALL APPLICABLE LAWS AND RULES.

NOTICE TO PROSPECTIVE U.S. INVESTORS

The Notes will be sold outside the United States pursuant to Regulation S of the U.S. Securities Act and within the United States to QIBs pursuant to Rule 144A. The Notes and the Notes Guarantees have not been and will not be registered under the U.S. Securities Act and the Notes may not be offered or sold within the United States, except pursuant to an exemption from, or in a transaction not subject to, registration requirements of the U.S. Securities Act. The Notes shall not be offered, sold or delivered as part of an Initial Purchaser's distribution at any time, within the United States, except pursuant to Rule 144A and each dealer to which Notes have been sold during the distribution compliance period will be sent a confirmation or other notice setting forth the restrictions on offers and sales of the Notes within the United States. Terms used in this paragraph have the meanings given to them by Regulation S.

NOTICE TO CERTAIN OTHER INVESTORS

European Economic Area

This Offering Memorandum has been prepared on the basis that any offer of Notes in any member state of the European Economic Area ("**EEA**") (the "**Relevant Member State**") will be made pursuant to an exemption under Regulation (EU) 2017/1129, as amended (the "**Prospectus Regulation**") from the requirement to publish a prospectus for offers of the Notes.

No offer of Notes which are the subject of the offering contemplated by this Offering Memorandum may be made to the public in a Relevant Member State other than:

(a) to any legal entity which is a "qualified investor" as defined under Article 2 of the Prospectus Regulation;

(b) to fewer than 150 natural or legal persons (other than qualified investors as defined under Article 2 of the Prospectus Regulation), subject to obtaining the prior consent of the Initial Purchaser nominated by the Issuer for any such offer; or

(c) in any other circumstances falling within Article 1(4) of the Prospectus Regulation;

provided that no such offer of the Notes shall require the publication by the Issuer or any Initial Purchaser of a prospectus pursuant to Article 3 of the Prospectus Regulation or supplement a prospectus pursuant to Article 23 of the Prospectus Regulation. Accordingly, any person making or intending to make any offer within the EEA of the Notes should only do so in circumstances in which no obligation arises for the Issuer or the Initial Purchasers to produce a prospectus for such offer.

For the purposes of this provision, the expression an "offer", "offer of notes to the public" or "offer of securities to the public", in each case in relation to any of the Notes in any Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe for the Notes, and the expression "Prospectus Regulation" means Regulation (EU) 2017/1129 and includes any relevant implementing measure in the Member State. This Offering Memorandum is not a prospectus for the purposes of the Prospectus Regulation.

Each subscriber for or purchaser of the Notes in this offering located within a Relevant Member State will be deemed to have represented, acknowledged and agreed that it is a "qualified investor" within the meaning of Article 2(1)(e) of the Prospectus Regulation. The Issuer, the Initial Purchasers and their affiliates, and others will rely upon the truth and accuracy of the foregoing representation, acknowledgement and agreement. Notwithstanding the above, a person who is not a qualified investor and who has notified the Initial Purchasers of such fact in writing may, with the consent of the Initial Purchasers, be permitted to subscribe for or purchase the Notes in this offering, provided such subscription does not result in a requirement for the Issuer or the Initial Purchasers to publish a prospectus pursuant to Article 3 of the Prospectus Regulation or a supplemental prospectus pursuant to Article 23 of the Prospectus Regulation.

MiFID II product governance / Professional Investors and eligible counterparties only target market

Solely for the purposes of the product approval process of the manufacturers, the target market assessment in respect of the securities described in this Offering Memorandum has led to the conclusion that: (i) the target market for such securities is eligible counterparties and professional clients only, each as defined in Directive 2014/65/EU (as amended, "**MiFID II**"); and (ii) all channels for distribution of such securities to eligible counterparties and professional clients are appropriate. Any person subsequently offering, selling or recommending such securities (a "**distributor**") should take into consideration the manufacturers' target market assessment; however, a distributor subject to MiFID II is responsible for undertaking its own target market assessment in respect of such securities (by either adopting or refining the manufacturers' target market assessment) and determining appropriate distribution channels.

Prohibition of Sales to EEA Retail Investors

The Notes are not intended to be offered, sold or otherwise made available to and should not be made available to and should not be offered, sold or otherwise made available to any EEA retail investor. For these purposes, an "EEA retail investor" means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of MiFID II); or (ii) a customer within the meaning of Directive (EU) 2016/97 (as amended, the "**Insurance Distribution Directive**"), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II. Consequently, no key information document required by Regulation (EU) No 1286/2014 (as amended, the "**PRIIPs Regulation**") for offering or selling the securities or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the securities or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPs Regulation.

The United Kingdom

This Offering Memorandum has not been approved by an authorized person in the United Kingdom and is only being distributed to and is only directed at persons who (i) are outside the United Kingdom; (ii) have professional experience in matters relating to investments and are investment professionals falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005, as amended (the "**Financial Promotion Order**"); (iii) are persons falling within Article 49(2)(a) to (d) ("high net worth companies, unincorporated associations, etc.") of the Financial Promotion Order; or (iv) are persons to whom an invitation or inducement to engage in investment activity (within the meaning of section 21 of the FSMA) in connection with the issue or sale of any Notes may otherwise lawfully be communicated or caused to be communicated (all such persons together being referred to as "relevant persons"). This Offering Memorandum is directed only at relevant persons and must not be acted on or relied on by persons who are not relevant persons. Any investment or investment activity to which this Offering Memorandum relates is available only to relevant persons and will be engaged in only with relevant persons. No part of the Offering Memorandum should be published, reproduced, distributed or otherwise made available in whole or in part to any other person.

Prohibition of sales to UK retail investors

The securities described in this Offering Memorandum are not intended to be offered, sold or otherwise made available to and should not be made available to and should not be offered, sold or otherwise made available to any UK retail investor. For these purposes, a "**UK retail investor**" means a person who is one (or more) of the following: (a) a retail client, as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of domestic law by virtue of the EUWA; or (b) a customer within the meaning of the provisions of the FSMA and any rules or regulations made under the Financial Services and Markets Act 2000, as amended (the "**FSMA**") to implement Directive (EU) 2016/97, where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of Regulation (EU) No. 600/2014 as it forms part of domestic law by virtue of the EUWA. Consequently, no key information document required by the PRIIPs Regulation as it forms part of domestic law by virtue of the EUWA (the "**UK PRIIPs Regulation**") for offering or selling any in scope securities or otherwise making them available to retail investors in the UK has been or will be prepared. Offering or selling the Notes or otherwise making them available to any retail investor in the UK may be unlawful under the UK PRIIPs Regulation.

This Offering Memorandum has been prepared on the basis that any offer of the securities in the United Kingdom will be made pursuant to an exemption under the Prospectus Regulation as it forms part of domestic law by virtue of the EUWA (the "**UK Prospectus Regulation**") from a requirement to publish a prospectus for offers of the securities. The Offering Memorandum is not a prospectus for the purpose of the UK Prospectus Regulation.

UK MiFIR product governance / Professional investors and eligible counterparties only target market

Solely for the purposes of each manufacturer's product approval process, the target market assessment in respect of the Notes has led to the conclusion that: (i) the target market for the Notes is only eligible counterparties, as defined in the FCA Handbook Conduct of Business Sourcebook ("**COBS**"), and professional clients, as defined in Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018 ("**UK MiFIR**"); and (ii) all channels for distribution of the Notes to eligible counterparties and professional clients are appropriate. Any person subsequently offering, selling or recommending the Notes (a "**distributor**") should take into consideration the manufacturers' target market assessment; however, a distributor subject to the FCA Handbook Product Intervention and Product Governance Sourcebook (the "**UK MiFIR Product Governance Rules**") is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the manufacturers' target market assessment) and determining appropriate distribution channels.

Italy

The offering of the Notes has not been cleared by the *Commissione Nazionale per le Società e la Borsa* ("**CONSOB**") (the Italian securities exchange commission), pursuant to Italian securities legislation and will not be subject to formal review or clearance by CONSOB. Accordingly, no Notes may be offered, sold or delivered, directly or indirectly, nor may copies of this Offering Memorandum or of any other document relating to the Notes be issued, distributed or published in the Republic of Italy, either on the primary or on the secondary market, except (a) to qualified investors (*investitori qualificati*) as referred to in Article 100 of the Italian Legislative Decree No. 58 of February 24, 1998, as amended (the "**Italian Financial Act**"), and implementing CONSOB regulations, including CONSOB Regulation No. 20307 of February 15, 2018, as amended ("**Regulation 20307**"), Article 34-*ter*, paragraph 1, letter (b) of CONSOB Regulation No. 11971 of May 14, 1999, as amended (the "**Issuer Regulation**") and any other applicable laws and regulations; and (b) in any other circumstances which are exempted from the rules on public offerings pursuant to Article 1 of the Prospectus Regulation, Article 100 of the Italian Financial Act and the implementing CONSOB regulations, including the Issuer Regulation.

The Initial Purchasers have each represented and agreed that any offer, sale or delivery of the Notes or distribution of copies of this Offering Memorandum or of any other document relating to the Notes in the Republic of Italy will be carried out in accordance with all Italian securities, tax and exchange control and other applicable laws and regulations.

Any such offer, sale or delivery of the Notes or distribution of copies of this Offering Memorandum or any other document relating to the Notes in the Republic of Italy must be in compliance with the selling restrictions under (a) and (b) above and must be:

(a) made by *soggetti abilitati* (including investment firms, banks or financial intermediaries, as defined by Article 1, paragraph 1, letter (r), of the Italian Financial Act), to the extent duly authorized to engage in the placement and/or underwriting and/or purchase of financial instruments in the Republic of Italy in accordance with the relevant provisions of the Italian Financial Act, the Regulation 20307, as amended, Italian Legislative Decree No. 385 of September 1, 1993, as amended (the "**Italian Banking Act**"), the Issuer Regulation and any other applicable laws and regulations;

(b) in compliance with all relevant Italian securities, tax, exchange control and any other applicable laws and regulations and any other applicable requirement or limitation that may be imposed from time to time by CONSOB, the Bank of Italy (including, the reporting requirements, where applicable, pursuant to Article 129 of the Italian Banking Act and the implementing guidelines of the Bank of Italy, as amended from time to time) or any other relevant Italian competent authorities; and

(c) in compliance with any other applicable laws and regulations or requirement imposed by CONSOB or the Bank of Italy or any other Italian competent authority.

Switzerland

This Offering Memorandum is not intended to constitute an offer or solicitation to purchase or invest in the Notes. The Notes may not be publicly offered, directly or indirectly, in Switzerland within the meaning of the Swiss Financial Services Act ("**FinSA**") and no application has or will be made to admit the Notes to trading on any trading venue (exchange or multilateral trading facility) in Switzerland. Neither this Offering Memorandum nor any other offering or marketing material relating to the Notes constitutes a prospectus as such term is understood

pursuant to the FinSA, and neither this Offering Memorandum nor any other offering or marketing material relating to the Notes may be publicly distributed or otherwise made publicly available in Switzerland.

The Notes are not intended to be offered, sold, marketed or otherwise made available to and shall not be offered, sold, marketed or otherwise made available to any private client in Switzerland other than in the context of a portfolio management agreement within the meaning of Article 58(2) FinSA and Article 83 of the Swiss Financial Services Ordinance. No key information document within the meaning of Article 58 FinSA has been prepared with respect to the Notes.

Singapore

This Offering Memorandum has not been and will not be lodged or registered as a prospectus with the Monetary Authority of Singapore. Accordingly, the Notes may not be offered or sold or be made the subject of an invitation for subscription or purchase, and this Offering Memorandum or any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the Notes, may not be circulated or distributed, whether directly or indirectly, to any person in Singapore, other than (i) to an institutional investor (as defined in Section 4A of the Securities and Futures Act 2001 of Singapore, as modified or amended from time to time (the "**SFA**")) pursuant to Section 274 of the SFA, or (ii) to an accredited investor (as defined in Section 4A of the SFA) pursuant to and in accordance with the conditions specified in Section 275 of the SFA and (where applicable) Regulation 3 of the Securities and Futures (Classes of Investors) Regulations 2018.

Any investor purchasing the Notes is solely responsible for ensuring that any offer, sale, delivery or resale of the Notes by such investor occurs in compliance with applicable laws and regulations.

For a further description of certain restrictions on offers and sales of the Notes and the distribution of this Offering Memorandum, see "*Transfer Restrictions.*"

THIS OFFERING MEMORANDUM CONTAINS IMPORTANT INFORMATION WHICH YOU SHOULD READ BEFORE YOU MAKE ANY DECISION WITH RESPECT TO AN INVESTMENT IN THE NOTES.

FORWARD-LOOKING STATEMENTS

This Offering Memorandum includes forward-looking statements within the meaning of the securities laws of certain applicable jurisdictions. These forward-looking statements include, but are not limited to, all statements other than statements of historical facts contained in this Offering Memorandum, including, without limitation, those regarding our future financial position and results of operations, our strategy, plans, objectives, goals, expected synergies related to the Transactions and targets, future developments in the markets in which we participate or are seeking to participate or anticipated regulatory changes in the markets in which we operate or intend to operate. In some cases, you can identify forward-looking statements by terminology such as "aim", "anticipate", "believe", "continue", "could", "estimate", "expect", "forecast", "future", "guidance", "intend", "likely", "may", "ongoing", "possible", "plan", "potential", "predict", "probable", "projected", "seek", "should", "target" or "will" or the negative of such terms or other comparable terminology.

By their nature, forward-looking statements involve known and unknown risks, uncertainties and other factors because they relate to events and depend on circumstances that may or may not occur in the future. We caution you that forward-looking statements are not guarantees of future performance and are based on numerous assumptions and that our actual results of operations, including our financial condition and liquidity and the development of the industry in which we operate, may differ materially from (and be more negative than) those made in, or suggested by, the forward-looking statements contained in this Offering Memorandum. In addition, even if our results of operations, including our financial condition and liquidity and the development of the industry in which we operate, are consistent with the forward-looking statements contained in this Offering Memorandum, those results or developments may not be indicative of results or developments in subsequent periods. Important risks, uncertainties and other factors that could cause these differences include, but are not limited to:

- unfavorable economic conditions and political uncertainty globally;
- unfavorable economic conditions and political uncertainty in Italy, Poland, France, Saudi Arabia and Turkey;
- risks related to the services we provide to government and other public entities;
- risks related to dependence on public sector and healthcare customer contracts;
- risks related to delayed payments from public sector entities and healthcare customers;
- risks related to the increase in DSOs and liquidity constraints;
- risks related to certain proceedings involving CONSIP, as well as claims of anti-competitive practices;
- risks related to litigation involving our shareholders;
- risks related to our inability to win new contracts, including competitively awarded contracts;
- loss of major customers, re-insourcing, and/or deterioration in commercial terms upon renewal of contracts with major customers;
- risks related to fluctuations in costs of energy, transportation inputs and other commodities;
- inability to accurately estimate future costs of our services;
- risks related to increased personnel costs;
- impact of competitive pressures;
- impact of the centralization of procurement contracts in the public sector and healthcare;
- impact of current and future public spending cuts or new outsourcing policies among public sector entities;
- risks related to the termination of PSE and healthcare customer contracts;
- risks related bolt-on acquisitions, business integration, dismissal or divestments;

- risks related to our subcontractors' or consortium partners' activities;
- risks related to the operations of temporary joint associations partners, consortium partners and subcontractors;
- risks related to our inability to provide responsive customer service and quality of service delivery;
- risks related to broader capabilities and geographic coverage of our competitors;
- risks related to our inability to obtain performance or bid bonds, securities or guarantees and to the enforcement of our existing performance or bid bonds, securities or guarantees;
- risks related to the uncertain outcome of tenders which require significant resources to participate;
- risks related to potential variation of backlog;
- liability risks related to the sterilization of laundry and surgical instruments and certain other services we provide;
- the impact of the COVID-19 or other future pandemic on our business, financial condition and results of operations;
- risks associated with our environmental responsibilities;
- risks related to certain proceedings involving a CONSIP public tender and further adverse consequences;
- we are subject to extensive regulatory requirements;
- risks related to increased pension and other post-employment benefits plan costs;
- risks related to the collective bargaining agreement applicable (*CCNL Multiservizi*);
- risks related to claims from our employees;
- risks related to possible breaches of contract by our partners;
- risks related to the actions of our employees, managers or agents;
- risks related to cybersecurity, data loss, data theft, unauthorized access or successful hacking;
- risks related to capital expenditure diverting cash flow from other uses;
- risks related to the put option granted to Rekeep Polska's non-controlling shareholder;
- risks related to the impairment of goodwill;
- risks related to the international expansion;
- risks related to the harm of our reputation;
- risks related to the adequacy of insurance coverage;
- risks related to labor disruptions;
- risks related to inability to retain key employees;
- risks related to litigation, arbitration and other legal proceedings;
- risks related to tax and social security audits and investigations;
- risks related to loss of certifications and licensing requirements;

- risks related to the transportation of patients and storage, management and transportation of drugs;
- risks related to food safety and the food supply chain;
- risks related to safeguarding privacy of data;
- risks related to failures in internal controls;
- risks related to the Italian Golden Power Clearance;
- risks related to our capital structure;
- risks related to our indebtedness;
- risks related to the Notes, the Notes Guarantee and the Collateral;
- other factors discussed or referred to in this Offering Memorandum.

The risks described in the "*Risk Factors*" section of this Offering Memorandum are not exhaustive. Other sections of this Offering Memorandum describe additional factors that could adversely affect our business, financial condition and results of operations. New risks emerge from time to time and it is not possible for us to predict all such risks; nor can we assess the impact of all such risks on our business or the extent to which any factor, or combination of factors, may cause actual results to differ materially from those contained in any forward-looking statements. Given these risks and uncertainties, you should not rely on forward-looking statements as a prediction of actual results.

We urge you to read carefully the sections of this Offering Memorandum entitled "*Risk Factors*," "*Management's Discussion and Analysis of Financial Condition and Results of Operations*," "*Industry and Market Data*" and "*Our Business*" for a more detailed discussion of the factors that could affect our future performance and the markets in which we operate. In light of these risks, uncertainties and assumptions, the forward-looking events described in this Offering Memorandum may not be accurate or occur at all. Accordingly, prospective investors should not place undue reliance on these forward-looking statements, which speak only as of the date on which the statements were made. In addition, from time to time we and our representatives, acting in respect of information provided by us, have made or may make forward-looking statements orally or in writing. These forward-looking statements may be included in, but are not limited to, press releases (including on our website), reports to our security holders and other communications. Although we believe that the expectations reflected in such forward-looking statements are reasonable, there can be no assurance that such expectations will prove to be correct. Information contained on any website referenced in this Offering Memorandum is not incorporated by reference in this Offering Memorandum and is not part of this Offering Memorandum.

We undertake no obligation, and do not intend, to update or revise any forward-looking statement or risk factors, whether as a result of new information, future events or developments or otherwise. All subsequent written and oral forward-looking statements attributable to us or to persons acting on our behalf are expressly qualified in their entirety by the cautionary statements referred to above and contained elsewhere in this Offering Memorandum. As a result, you should not place undue reliance on these forward-looking statements.

CERTAIN DEFINITIONS

Unless otherwise specified or the context requires otherwise in this Offering Memorandum:

"**2021 Revolving Credit Facility":** the super senior revolving credit facility established pursuant to the 2021 Revolving Credit Facility Agreement, which is intended to be replaced by the Revolving Credit Facility on or before the Issue Date.

"**2021 Revolving Credit Facility Agreement**": the agreement governing the 2021 Revolving Credit Facility entered into on January 20, 2021, by and among, *inter alios*, the Issuer as borrower, the original lenders indicated therein, the mandated lead arrangers indicated therein, and UniCredit S.p.A. as agent and security agent.

"**ANAC**": the Italian National Anti-Corruption Authority (*Autorità Nazionale Anticorruzione*).

"**AVCP**": Authority for the Supervision of Public Contracts for Works, Services and Supplies (*Autorità per la Vigilanza sui Contratti Pubblici di Lavori, Servizi e Forniture*).

"**BOT**": Build, Operate and Transfer, a type of PPP (as defined below) in which a private sector contractor constructs a public service asset (i.e. a hospital) and receives contractual rights (a concession) to operate set services with regards to that asset for a defined period of time (e.g., provide services to the hospital), after which the services are transferred to the PSE and healthcare customers (which may then establish a new public tender process).

"**CAGR**": compound annual growth rate.

"**CCNL Multiservizi**": the collective bargaining agreement in force as of the date of this Offering Memorandum between labor unions and cleaning and facility management providers such as the Group (*Contratto Collettivo Nazionale di Lavoro per il personale dipendente da imprese esercenti servizi di pulizia e servizi integrati/multiservizi*).

"**Code on Public Procurement**": Legislative Decree No. 36 of 31 March 2023 and binding and non-binding implementing guidelines issued by ANAC.

"**Collateral**": (i) a pledge over all of the shares of the Issuer held by MSC, (ii) a pledge over all of the shares of Servizi Ospedalieri held by the Issuer, (iii) a pledge over all of the quotas of Teckal held by the Issuer, and (iv) an assignment by way of security of the Issuer's interest in the receivables in respect of certain material intercompany loans owing to it by the Guarantors and H2H Facility Solutions S.p.A., as described under "*The Offering—Security*" and "*Description of the Notes—Security*".

"**CONSIP**": CONSIP S.p.A., an Italian joint stock company fully owned by Italy's Ministry of the Economy and Finance that acts as central purchasing body, offering consulting, assistance and support services to public administration in procuring goods and services.

"**Consorzio Stabile CMF**": established on January 9, 2019 as a permanent consortium (*consorzio stabile*), a contractual joint enterprise granted with legal personality in accordance with Article 2603 et seq. of the Italian Civil Code and article 45 of the Code on Public Procurement, formed by the Issuer and certain other Group companies which together own more than 99% of its share capital with the remainder owned by third-party partners.

"**DPO**": the weighted average "days payable outstanding" of our trade payables, calculated as 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, to costs over the reference period related to external production factors (including capex) multiplied by the days of the reference period.

"**DSO**": the weighted average "days sales outstanding" of our trade receivables, calculated as the ratio of trade receivables (after deducting VAT to the invoiced amount of receivables and adding the trade receivables sold via existing factoring facilities without recourse) to year-to-date revenues multiplied by the days of the period to date.

"**Energy Business Reorganization**": the business reorganization through which, *inter alia*, our energy management services have been transferred to Teckal, as described under "*Summary—Recent Developments—Energy Business Reorganization.*"

“**Eurozone**”: the member states of the European Union participating in the European Monetary Union.

“**Existing Notes**”: refers to the €370,000,000 7.25% Senior Secured Notes due 2026 issued by the Issuer on January 28, 2021 and on February 9, 2021, which will be redeemed with the Notes offered hereby and cash on balance sheet.

“**Facility Management Segment**”: our reporting segment under IFRS that comprises the following businesses: Cleaning, Energy Management, Catering and Other facility management services (see also “*Presentation of financial information—Segment information*”).

“**GDP**”: gross domestic product.

“**Group**,” “us,” “we” and “our”: the Issuer and its consolidated subsidiaries, unless the context requires otherwise or is clear from the context.

“**Guarantors**”: Servizi Ospedalieri, Teckal and any members of the Group that may guarantee the Notes from time to time pursuant to the Indenture.

“**healthcare customers**”: a category we utilize to organize and analyze our customer base that includes PSEs involved in the healthcare sector; such category does not include the few private sector healthcare customers of the Group which are classified under private sector customers (see also “*Business—Customers and contracts—PSEs and healthcare customers*”).

“**HVAC**”: Heating, ventilation and air conditioning systems.

“**H2H Facility Solutions**”: H2H Facility Solutions S.p.A., a wholly-owned subsidiary of the Issuer since 2008 that offers facility management to private sector customers of the Group.

“**ICA**”: Italian Competition Authority (*Autorità Garante della Concorrenza e del Mercato*).

“**Intercreditor Agreement**”: the intercreditor agreement dated January 28, 2021 between, *inter alios*, the Issuer, the trustee, the lenders under the 2021 Revolving Credit Facility Agreement, each obligor in respect of the 2021 Revolving Credit Facility and the Security Agent, as further described under “*Description of Certain Financing Arrangements—Intercreditor Agreement*” and to which the Trustee will accede on or about the Issue Date and to which the lenders under the Revolving Credit Facility Agreement will accede on or before the Issue Date, and as may be amended, supplemented and restated from time to time.

“**Italian Civil Code**”: the Italian civil code (codice civile), enacted by Royal Decree No. 262 of March 16, 1942, as subsequently amended and supplemented.

“**Italian Golden Power Authority**”: the Presidency of the Italian Council of Ministries (*Presidenza del Consiglio dei Ministri*).

“**Italian Golden Power Clearance**”: the clearance, whether express or implied (due to the expiration of the applicable review period), from the Italian Golden Power Authority to perform the relevant transaction and/or implement the relevant resolution, also by way of a decision by the Italian Golden Power Authority not to exercise its special powers, or, alternatively, the adoption of a decision by the Italian Golden Power Authority excluding the applicability of the Italian Golden Power Legislation.

“**Italian Golden Power Clearance Date**”: the date of receipt of the Italian Golden Power Clearance.

“**Italian Golden Power Legislation**”: the Italian Law Decree No. 21 of March 15, 2012, as converted into law by Italian Law No. 56 of May 11, 2012, further amended by, among others, Italian Law Decree No. 105 of September 21, 2019, as converted into law and amended by Italian Law No. 133 of November 18, 2019; Italian Law Decree No. 23 of April 8, 2020, as converted into law and amended by Italian Law No. 40 of June 5, 2020; Italian Law Decree No. 21 of March 21, 2022, as converted into law and amended by Law No. 51 of May 20, 2022; and Italian Law Decree No. 104 of August 10, 2023, as converted into law and amended by Italian Law No. 136 of October 9, 2023, and implemented through specific decrees, including Italian Presidential Decrees No. 35 of February 19, 2014 and No. 86 of March 25, 2014, and Italian Prime Ministerial Decrees No. 108 of June 6, 2014, No. 179 of December 18, 2020, No. 180 of December 23, 2020, No. 133 of August 1, 2022 and No. 189 of September 1, 2022.

"**Italian Usury Law**" means Italian Law No. 108 of March 7, 1996 (*Disposizioni in materia di usura*), as subsequently amended and supplemented, and any related implementing regulations.

"**Laundering and Sterilization Segment**": our reporting segment under IFRS that includes our laundering and sterilization activities (see also "*Presentation of financial information—Segment information*").

"**Maturity Date**": September 15, 2029.

"**Medical Device S.r.l.**": Medical Device S.r.l., a subsidiary of Servizi Ospedalieri that specializes in the production of procedure kits for the healthcare sector.

"**MSC**": MSC Società di Partecipazione tra Lavoratori S.p.A., the holder of 100% of the Issuer's share capital.

"**Notes Guarantees**": the guarantees to be issued by the Guarantors in respect of the Notes.

"**Offering**": offering of the Notes hereby.

"**PPE**": personal protective equipment, including clothing and other devices designed to protect wearer's body from injury and/or infections.

"**PPP**": private public partnerships, a model of government service delivery involving the private sector, often in a BOT arrangement.

"**PSE**": public sector entities which are instrumentalities or state-owned enterprises formed for purposes of carrying out activities or providing services in the public interest and with the use of public funds within the meaning of Article 3 of the Code on Public Procurement, as amended, and a category we utilize to organize and analyze our customer base; this category does not include healthcare customers.

"**Refinancing**": has the meaning given to it under "*Summary—The Transactions.*"

"**retention rate**": the ratio between the weighted average of the total value of customer accounts as of the relevant year end who were already customers of the Group as of the year end of the previous year.

"**Rekeep Polska**": Rekeep Polska S.A., the parent company of the Polish group with the same name operating in the facility management segment for the healthcare sector in that country.

"**Rekeep Polska Group**": Rekeep Polska and its subsidiaries.

"**Revolving Credit Facility**": means the super senior revolving credit facility established pursuant to the Revolving Credit Facility Agreement.

"**Revolving Credit Facility Agreement**": means the agreement governing the Revolving Credit Facility entered into as of the date of this Offering Memorandum, by and among, *inter alios*, the Issuer as borrower, the original lenders indicated therein, the mandated lead arrangers indicated therein, and UniCredit S.p.A. as agent and the Security Agent.

"**Security Agent**": UniCredit S.p.A., in its capacity as security agent and legal representative (*mandatario con rappresentanza*) under the Indenture and the Intercreditor Agreement and representative (*rappresentante*) of the holders of the Notes pursuant to and for the purposes set forth under Article 2414-bis, paragraph 3, of the Italian Civil Code.

"**Security Documents**": any pledges, agreements and related documents that will be signed and entered into in connection with the granting of the Collateral to secure the obligations of the Issuer under the Notes offered hereby in accordance with the terms of the Indenture and the Intercreditor Agreement (see also "*Description of the Notes—Security*").

"**Servizi Ospedalieri**": Servizi Ospedalieri S.p.A., a company incorporated in 1985, a wholly-owned subsidiary of the Issuer since 2007 that operates the Laundering and Sterilization Segment of the Group.

"**SMEs**": small and medium-sized enterprises.

"**Specified Asset Disposal**": has the meaning given to it under "*Description of the Notes.*"

“**Specified Asset Disposal Mandatory Redemption Floor**”: has the meaning given to it under “*Description of the Notes.*”

“**Teckal**”: Teckal S.r.l. (previously named Rekeep Rail S.r.l.) is a company organized as a limited liability company (*società a responsabilità limitata*), whose quotas are held 91% by the Issuer, approximately 3% by Servizi Ospedalieri, approximately 3% by H2H Facility Solutions and approximately 2% by H2H Digital Solutions (previously named Rekeep Digital S.r.l.), with the remainder held by other Group companies. It provides energy management services as a result of the Energy Business Reorganization. See “*Recent Developments—Energy Business Reorganization.*”

“**TJA**”: temporary joint associations, a method of entering into consortia which the Group uses along with partners in order to bid for public tenders and provide the goods and services thereunder.

“**Transactions**”: has the meaning given to it under “*Summary.*”

“**Trustee**”: The Law Debenture Trust Corporation p.l.c. in its capacity as trustee under the Indenture and common representative (*rappresentante comune*) of the holders of the Notes pursuant to Articles 2417 and 2418 of the Italian Civil Code.

* * *

Information contained on any website referenced in this Offering Memorandum is not incorporated by reference in this Offering Memorandum and is not part of this Offering Memorandum.

PRESENTATION OF FINANCIAL AND OTHER INFORMATION

Financial statements

All historical financial information presented in this Offering Memorandum is that of the Issuer and its consolidated subsidiaries.

In particular, this Offering Memorandum includes and presents:

(i) a convenience translation into English of the audited consolidated financial statements of the Issuer and its consolidated subsidiaries as of and for the years ended December 31, 2021, 2022 and 2023, prepared in accordance with the International Financial Reporting Standards adopted by the European Union ("**IFRS**"), audited by EY S.p.A. ("**EY**") (collectively, the "**Audited Consolidated Financial Statements**") and a convenience translation into English of the relevant auditors' reports; and

(ii) a convenience translation into English of the unaudited interim condensed consolidated financial statements of the Issuer and its consolidated subsidiaries as of and for the nine months ended September 30, 2023 and 2024, prepared in accordance with IAS 34 - Interim Financial Reporting (the "**Unaudited Interim Condensed Consolidated Financial Statements**" and, together with the Audited Consolidated Financial Statements, the "**Financial Statements**").

The auditors' report on the Issuer's consolidated financial statements for the year ended December 31, 2023 was unqualified but included emphasis of matter paragraphs regarding disclosures made by our directors and contained in the explanatory notes with respect to their evaluation of the Group's ability to continue as a going concern, as well as ongoing disputes. Refer to Notes 2.3 and 15 to the Audited Consolidated Financial Statements for the year ended December 31, 2023 for additional information. The auditors' reports on the Issuer's consolidated financial statements for the years ended December 31, 2021 and 2022 were unqualified but included emphasis of matter paragraph regarding disclosures made by our directors and contained in the explanatory notes with respect to the sanction imposed by the Italian Competition Authority (*Autorità Garante della Concorrenza e del Mercato*) on May 9, 2019, and its related effects on the consolidated financial statements. Refer to Notes 15 and 19 to the Audited Consolidated Financial Statements for the years ended December 31, 2021 and 2022 for further details.

The Audited Consolidated Financial Statements and the Unaudited Interim Condensed Consolidated Financial Statements contained in the F-Pages to this Offering Memorandum should be read in conjunction with the relevant notes thereto. Prospective investors are advised to consult their professional advisors for an understanding of: (i) the differences between IFRS and other systems of generally accepted accounting principles and how those differences might affect the financial information included in this Offering Memorandum and (ii) the impact that future additions to, or amendments of, IFRS principles may have on the Issuer's results of operations and/or financial condition, as well as on the comparability of the prior periods.

Certain numerical figures set out in this Offering Memorandum, including financial and certain operating data presented in millions or in thousands, have been subject to rounding adjustments. Accordingly, in certain instances, the sum of the numbers in a column or a row in tables may not conform exactly to the total figure given for that column or row or the sum of certain numbers presented as a percentage may not conform exactly to the total percentage given.

Financial Information for the Twelve Months Ended September 30, 2024

In this Offering Memorandum, we also present certain unaudited financial information for the twelve months ended September 30, 2024, which is calculated by taking the results of operations of the Issuer for the nine months ended September 30, 2024, adding it to the results of operations for the full year ended December 31, 2023, and subtracting the results of operations for the nine months ended September 30, 2023. The financial information for the twelve months ended September 30, 2024 presented herein is not necessarily indicative of the results that may be expected for the year ending December 31, 2024, and should not be used as the basis for or prediction of an annualized calculation. Such financial information has not been audited, is not required by, or presented in accordance with IFRS or any other generally accepted accounting principles and has been prepared for illustrative purposes only. We present this information as it is the basis for certain ratios and as adjusted financial information included in this Offering Memorandum that we believe is useful as supplemental measures for investors in assessing the impact of the Offering and the application of proceeds therefrom and our ability to incur and service our debt, including the Notes.

Changes in our scope of consolidation

During the periods under review, we acquired certain businesses which were subsequently integrated into the Group that changed our scope of consolidation. These relevant companies and operating activities were consolidated during the year of their respective acquisitions' closing, with the effect that revenue, costs and results of operations of each acquired business were reflected in the Audited Consolidated Financial Statements from the date on which the control over the company was transferred to us. The following sets forth our most sizeable acquisitions completed under the periods under review:

- On June 1, 2021, we completed the acquisition of U.Jet S.r.l., a trading company specializing in the production of non-woven fabric (TNT) devices primarily aimed at the healthcare market, as well as in the packaging and composition of disposable fabric surgical kits intended for the healthcare market;

- On December 22, 2022, the Issuer signed the deed of acquisition for a "Major Customers" business unit from Sacoa S.r.l., part of the same group led by MSC. This unit comprises a unified set of legal relationships, assets, personnel, and activities for providing payroll processing services to Rekeep and its subsidiaries. The transfer of the business unit became effective on January 1, 2023. As part of this transaction, we proceeded with the insourcing of payroll processing and calculation, which were previously outsourced to Sacoa.

For more information regarding the changes in our scope of consolidation and its effect on the comparability of our results of operations, see "*Management's discussion and analysis of financial condition and results of operations—Factors affecting the comparability of our results of operations—Changes in our scope of consolidation*."

Non-IFRS financial measures

In this Offering Memorandum, we present certain non-IFRS measures, including EBITDA, EBITDA margin, Adjusted EBITDA, Adjusted EBITDA margin, Normalized Adjusted EBITDA, Normalized Adjusted EBITDA margin, Gross Debt, Net Debt, Net interest expense, Net operating working capital, Adjusted net working capital, Capital expenditures, Gross Leverage and Net Leverage, and unaudited financial information for the twelve months ended September 30, 2024 (as define above). We define:

- "EBITDA" as Profit/(loss) after taxes from continuing operations *plus* Income taxes, Gains/(losses) on exchange rate, Financial expenses, Financial income, Dividends and net income/(loss) from sale of investments, Share of net profit of associates, Amortization/depreciation, write-downs and write-backs of assets and (Accrual)/reversal to provisions for risks and charges.

- We define "Adjusted EBITDA" as EBITDA as adjusted for certain non-recurring items described in footnote 1 under "*Summary historical financial information and other data—Other financial information*."

- We define "Normalized Adjusted EBITDA" as Adjusted EBITDA as adjusted for certain tax credit amounts.

We believe that EBITDA, Adjusted EBITDA and Normalized Adjusted EBITDA are useful indicators to, among others, securities analysts, investors and other parties, of our ability to monitor and assess our operating performance and to incur and service our indebtedness. EBITDA, Adjusted EBITDA and Normalized Adjusted EBITDA may not be indicative of our historical operating results, and they are not intended to be indications of potential future results.

- We define "Gross Debt" and "Net Debt" as measurements of our indebtedness as described in footnote 3 under "*Summary historical financial information and other data—Other financial information*."

- We define "Net interest expense" as financial expenses for the period net of financial income.

- We define "industrial capital expenditures" or "capital expenditures" as the amount of cash or other liquid assets invested by the Group to acquire or upgrade fixed, physical, non-consumable assets. Our capital expenditure for the periods presented in this Offering Memorandum relate primarily to our Laundering and Sterilization Segment's purchase of linen, laundering machinery and sterilization equipment and surgical instruments. See "*Management's discussion and analysis of financial condition and results of operations—Capital expenditures*."

- We define "Net operating working capital" as the sum of our trade receivables and advances to suppliers, inventories, trade payables and advances from customers.

- We define "Adjusted net working capital" as net working capital as adjusted for the amount of trade receivables off balance-sheet that represent trade receivables sold on a non-recourse basis under our factoring facilities and outstanding at the relevant time.

- We define "Gross Leverage" as the ratio of Gross Debt to Normalized Adjusted EBITDA.

- We define "Net Leverage" as the ratio of Net Debt to Normalized Adjusted EBITDA.

Non-IFRS financial measures, including EBITDA, EBITDA margin, Adjusted EBITDA, Adjusted EBITDA margin, Normalized Adjusted EBITDA, Normalized Adjusted EBITDA margin, Gross Debt, Net Debt, Net interest expense, Net operating working capital, Adjusted net working capital, Capital expenditures, Gross Leverage and Net Leverage, and unaudited financial information for the twelve months ended September 30, 2024 are used by different companies for differing purposes and are often calculated in ways that reflect the circumstances of those companies. You should exercise caution in comparing non-IFRS financial measures, including EBITDA, EBITDA margin, Adjusted EBITDA, Adjusted EBITDA margin, Normalized Adjusted EBITDA, Normalized Adjusted EBITDA margin, Gross Debt, Net Debt, Net interest expense, Net operating working capital, Adjusted net working capital, Capital expenditures, Gross Leverage and Net Leverage of other companies.

The information presented by each of the non-IFRS financial measures, including EBITDA, EBITDA margin, Adjusted EBITDA, Adjusted EBITDA margin, Normalized Adjusted EBITDA, Normalized Adjusted EBITDA margin, Gross Debt, Net Debt, Net interest expense, Net operating working capital, Adjusted net working capital, Capital expenditures, Gross Leverage and Net Leverage, and unaudited financial information for the twelve months ended September 30, 2024 is unaudited and has not been prepared in accordance with IFRS or any other accounting standards. In addition, the presentation of these measures is not intended to and does not comply with the reporting requirements of the SEC; compliance with its requirements would require us to make changes to the presentation of this information.

EBITDA, Adjusted EBITDA and Normalized Adjusted EBITDA are not measurements of performance under IFRS and you should not consider any of EBITDA, Adjusted EBITDA or Normalized Adjusted EBITDA as an alternative to pre-tax profit or profit from continuing operations determined in accordance with IFRS, as the case may be, or to cash flows from current operations, cash requirements for investments or cash flow from financing activities. EBITDA, Adjusted EBITDA and Normalized Adjusted EBITDA have limitations as analytical tools, and you should not consider them in isolation. Some of these limitations are:

- they do not reflect our cash expenditures or future requirements for capital expenditures or contractual commitments;

- they do not reflect changes in, or cash requirements for, our working capital needs;

- they do not reflect the significant interest expense, or the cash requirements necessary, to service interest or principal payments on our debt;

- although depreciation and amortization are non-cash charges, the assets being depreciated and amortized will often need to be replaced in the future and EBITDA, Adjusted EBITDA and Normalized Adjusted EBITDA do not reflect any cash requirements that would be required for such replacements; and

- the fact that other companies in our industry may calculate EBITDA, Adjusted EBITDA and Normalized Adjusted EBITDA differently than we do, which limits their usefulness as comparative measures.

Certain key performance indicators and other non-financial operating data included in this Offering Memorandum are derived from management estimates, are not part of our Financial Statements or our accounting records, and have not been audited or otherwise reviewed by outside auditors, consultants or experts. Our use or computation of these measures may not be comparable to the use or computation of similarly titled measures reported by other companies. Any or all of these measures should not be considered in isolation or as an alternative measure of performance under IFRS.

As adjusted financial data

The Offering Memorandum includes unaudited consolidated as adjusted financial data which have been adjusted to reflect certain effects of the Refinancing (i) on interest expense as if the Refinancing had been completed on October 1, 2023, based upon the interest rate of the Notes and assuming that the 2021 Revolving Credit Facility was drawn during the entire period for an amount equal to €15.0 million, and (ii) on Net Debt and cash and cash equivalents as if the Refinancing has been completed on September 30, 2024. The unaudited consolidated as adjusted financial data have been prepared for illustrative purposes only and do not purport to represent what the actual interest expense, Net Debt and cash and cash equivalents of the Issuer would have been if the Refinancing had occurred (i) on October 1, 2023 for the purposes of the calculation of interest expense and (ii) on September 30, 2024 for the purposes of the calculation of Net Debt and cash and cash equivalents nor do they purport to project the Issuer's interest expense, Net Debt and cash and cash equivalents at any future date. The unaudited consolidated as adjusted financial data set out in this Offering Memorandum is based on available information and certain assumptions, including that our recourse factoring agreements will remain outstanding following the Refinancing, and estimates that we believe are reasonable and may differ materially from the actual adjusted amounts.

Segment information

We operate in the facility management and laundering and sterilization sectors and we organize, manage and report the following two segments in accordance with IFRS 8 (*Operating Segments*):

- Facility Management Segment; and
- Laundering and Sterilization Segment.

Our Facility Management Segment, as further described under "*Business*," includes the following activities: Cleaning, Energy Management, Catering and Other facility management services. In the twelve months ended September 30, 2024, our Facility Management Segment generated €1,080.5 million, or 87.8%, of our total revenue (gross of intra-group eliminations).

Our Laundering and Sterilization Segment, as further described under "*Business*," includes only such eponymous activities. In the twelve months ended September 30, 2024, our Laundering and Sterilization Segment generated €149.9 million, or 12.2%, of our total revenue (gross of intra-group eliminations).

Our consolidated financial statements also present a geographical breakdown of our total revenue. We primarily generate revenue in Italy. Since 2015, we have developed our international facility management both organically, including operations in France (through the sub-group controlled by Rekeep France S.a.S., where we own a 93.07% stake as of September 30, 2024) and Saudi Arabia (through Rekeep Saudi Arabia Ltd), and through acquisitions in Turkey (through EOS, where we own an 51% stake as of September 30, 2024) and Poland (through the sub-group controlled by Rekeep Polska S.A., where we own an 80% stake as of September 30, 2024).

For the twelve months ended September 30, 2024, total revenues (before intra-group eliminations) and EBITDA generated outside of Italy accounted for 21.3% and 16.0%, respectively.

Accounting for the Refinancing

The net proceeds from the Notes will be used to redeem the Existing Notes in full. In accordance with IFRS 9, a financial liability should be removed from the statement of financial position when, and only when, it is extinguished; that is, when the obligation specified in the relevant contracts are discharged or cancelled or expired. The accounting treatment of a debt refinancing depends on whether the modified terms (or new debt instrument) are "substantially different" to the previous terms (or debt instrument). We expect the Refinancing will be accounted for as extinguishment of the relevant existing liabilities and will result in the recognition of a new liability at amortized cost.

PRESENTATION OF INDUSTRY AND MARKET DATA

In this Offering Memorandum, we rely on and refer to information regarding our business and the markets in which we operate and compete. Certain economic and industry data, market data and market forecasts set forth in this Offering Memorandum were extracted from market research, governmental and other publicly available information, independent industry publications and reports prepared by industry consultants, including an industry report (the "**Industry Report**") prepared by a global consulting company.

Industry reports, publications, surveys and forecasts generally state that the information contained therein has been obtained from sources believed to be reliable, but that the accuracy and completeness of such information is not guaranteed. We believe that these industry publications, surveys and forecasts, to the extent quoted or referred to herein, are reliable, but we have not independently verified them and cannot guarantee their accuracy or completeness.

While we accept responsibility for accurately summarizing the information from these external sources, and as far as we are aware and able to ascertain no facts have been omitted which would render this information inaccurate or misleading, we accept no further responsibility in respect of such information.

Certain information and estimates in this Offering Memorandum, including without limitation, statements regarding the industry in which we operate, our position in the industry and our market share, as well as the expected growth of the market in which we operate and the relevant factors supporting such trend, has also been based on our own experience, internal studies, estimates and investigations of market conditions, in some cases combined with the aforementioned external sources. Such information and estimates include management information based also on data from a global consulting company. We cannot assure you that any of the assumptions we have made are accurate or correctly reflect our position in the market. Neither we nor the Initial Purchasers make any representation or warranty as to the accuracy or completeness of this information. Such information and estimates involve risks and uncertainty and are subject to change based on various factors. See "*Risk Factors*" and "*Forward-Looking Statements*". Prospective investors should not place undue reliance on any forecasts presented in this Offering Memorandum and should make their own independent assessment of our prospects and the risks relating to the markets in which we operate.

All the information set forth in this Offering Memorandum relating to the operations, financial results or market share of our competitors has been obtained from publicly available information or independent research. Neither we nor the Initial Purchasers have independently verified this information and cannot guarantee its accuracy.

SUMMARY

This summary highlights selected information about us and the offering of the Notes contained in this Offering Memorandum. This summary is not complete and does not contain all the information you should consider before investing in the Notes. The following summary should be read in conjunction with, and the following summary is qualified in its entirety by, the more detailed information included in this Offering Memorandum, including the Consolidated Financial Statements. You should read carefully the entire Offering Memorandum to understand our business, the nature and terms of the Notes and the tax and other considerations which are important to your decision to invest in the Notes, including the risks discussed under the captions "Risk Factors" and "Forward-Looking Statements." Unless otherwise stated or the context otherwise requires, all references to "we", "us", "our" or the "Group" in this section of this Offering Memorandum are to the Issuer and its subsidiaries on a consolidated basis.

Overview

We are a leading provider of facility management and laundering and sterilization services in Italy, with strong or developing positions in other countries, including Poland, France, Turkey and Saudi Arabia, and with a focus on delivering tailored mission critical services. We provide non-discretionary integrated facility management services ranging from building and plant maintenance, energy and cooling-related technical services, cleaning, catering, laundering and sterilization and a variety of related specialist services. We serve a diverse range of over 1,600 customers, including public sector entities, healthcare service providers and private sector companies in Italy and in our international markets, supporting them in maintaining and improving the quality, efficiency and safety of their operations. We have established ourselves as trusted providers of mission-critical services to healthcare providers, which represented 64.6% of our revenues for the twelve months ended September 30, 2024, with the rest of the revenues coming from government agencies and large private enterprises, which represented 18.2% and 17.1%, respectively, of our revenues for the same period.

Our success draws on our long history dating back to 1938 when we began providing services to the Italian state-run railway network. Since 2003, when we were spun off from MSC, our controlling shareholder, to consolidate as an independent group, we have emerged as a multi-disciplinary provider covering most of the areas of facility management and laundering and sterilization services. Today, our operations are structured into two reporting segments: Facility Management and Laundering and Sterilization Services.

- ***Facility Management Segment*** (87.8% of total revenue (gross of intra-group elimination) and 75.7% of EBITDA in the twelve months ended September 30, 2024). As part of this segment, we provide cleaning, energy management, catering, maintenance and other facilities management services to healthcare services providers, PSEs and private sector customers. We provide facility management services both in Italy and outside of Italy.

  - *Domestic (Italy) Facility Management division*: Our Facility Management operations in Italy generated 66.6% of total revenue (gross of intra-group elimination) and 59.7% of EBITDA in the twelve months ended September 30, 2024.

  - *International Facility Management division*: Our international operations, which are carried out in Poland, France, Turkey and Saudi Arabia, generated 21.3% of total revenue (gross of intra-group eliminations) and 16.0% of EBITDA in the twelve months ended September 30, 2024. Poland represents our main international market, and generated 18.4% of our total revenues (before intra-group eliminations) and 18.4% of our EBITDA in the twelve months ended September 30, 2024.

  - ***Laundering and Sterilization Segment*** (12.2% of total revenue (gross of inter-group eliminations) and 24.3% of EBITDA in the twelve months ended September 30, 2024). As part of this segment, we provide linen rental, industrial laundering, linen, surgical kits and surgical instrument sterilization services for healthcare customers. We provide laundering and sterilization services both in Italy and outside of Italy.

In the healthcare sector, we provide laundering of linens, sterilization of surgical instruments, cleaning, catering, cogeneration and engineering services, energy management and management of pharmaceutical logistics, all of which are mission critical services for the continued adequate care of patients and support our customers' continuity of operations. Our ability to deliver customized solutions has allowed us to become the exclusive

provider of facility management and laundering and sterilization services for several key customers. This exclusivity has been a key factor in maintaining and expanding our market share in recent years, enabling us to build an impressive healthcare coverage as we serve over 500 hospitals across Europe and 80% of the largest hospitals in Italy (ranked by the number of beds) and approximately 50% of the hospitals in Poland and approximately 60% of the largest hospitals in the country, in addition to over 300 healthcare customers.

In the public sector, we provide traditional facility management services such as daily cleaning, heating and plumbing systems maintenance, laundering, catering and landscaping for public schools, state buildings and museums that allow them to receive visitors and users.

In the private sector, we provide traditional facility management services, specialized for private clients and maintain diverse retail and office spaces and telecommunications towers by providing, among other services, cleaning and maintenance services to keep their operations running smoothly.

We position ourselves as a solution provider rather than just a service provider by offering fully integrated services tailored to our customers' specific needs. Our deep understanding of their businesses, industries, and operating regions enables us to customize our solutions effectively. Additionally, this approach allows us to strategically allocate investments only after contracts are awarded, helping to minimize unnecessary expenses. Unlike many of our competitors, we deliver solutions by relying significantly on our own expertise and resources. We refer to this ability to implement our business strategy in support of our customers' objectives as a "make" rather than a "buy" approach.

For the twelve months ended September 30, 2024, we generated total revenue of €1,212.6 million and Normalized Adjusted EBITDA of €120.7 million, corresponding to a 10.0% Normalized Adjusted EBITDA margin.

Our strengths

We believe a number of key factors give us a competitive advantage and make our business strong and resilient, including:

Resilient, large addressable market with attractive growth prospects, supported by favorable structural tailwinds.

We operate in an industry that has grown steadily in recent years, and this growth is expected to continue. The healthcare market, our largest end market, is increasingly adopting outsourcing for facility management and laundering and sterilization services. This growth is driven by trends such as a stronger focus on health and wellness, an aging population, increased healthcare spending, technological advancements, and heightened awareness of the importance of cleaning in disease prevention. The Italian cleaning and maintenance markets have grown at an estimated CAGR of 6% and 4% from 2019 to 2024 and the Polish B2B catering market at an estimated CAGR of 5% in the same period. See "*Industry*." Overall, the Italian facility management and laundering and sterilization markets have shown resilient performance, which we believe demonstrates the non-discretionary nature of the solutions we provide. Growth is currently being driven by stricter regulations, modernization efforts, and the increasing use of outsourcing by PSEs to improve efficiency.

The Italian cleaning market is projected to grow at an estimated CAGR of 6% from 2024 to 2029, increasing from €8.5 billion to €11.5 billion, continuing its growth from €7.3 billion in 2021. Several factors are driving this sustained growth. In the wake of the COVID-19 pandemic, governments and organizations have implemented stricter regulatory standards for cleanliness and hygiene, reinforcing the need for professional cleaning services. At the same time, public and private sector initiatives aimed at modernizing facilities, such as the National Recovery and Resilience Plan (*Piano Nazionale di Ripresa e Resilienza*) (the "**NRRP**"), which represents Italy's response to the global COVID-19 emergency and the obstacles that have hindered the growth of the country's economic, social, and environmental systems in recent decades, and which was approved by the European Council on July 13, 2021, have led to extensive renovations in hospitals, schools, and public spaces. In particular, the NRRP includes €1.6 billion focused on upgrading hospital safety and modernizing healthcare facilities for improved efficiency and sustainability, €1.4 billion invested in building new, energy-efficient schools to replace outdated structures, €0.6 billion invested in judicial infrastructure, enhancing efficiency, resilience, and technology while renewing urban environments, and €345 million for railway station requalification initiatives. These modernization efforts have not only improved infrastructure but also raised hygiene standards by incorporating stricter regulations, advanced sanitation protocols, and new facility designs that require higher levels of cleanliness. We anticipate that the NRRP will continue to have a positive impact in Italy, as bureaucratic and

approval delays from local authorities have postponed the implementation of many projects. Additionally, businesses and institutions are increasingly turning to outsourcing solutions to achieve greater efficiency and scalability, recognizing the benefits of professional cleaning providers over in-house operations.

The Italian maintenance market is projected to grow at an estimated CAGR of 7% from 2024 to 2029, increasing from €3.0 billion to €4.3 billion, continuing its growth from €2.5 billion in 2021. This upward trend is largely attributed to the aging infrastructure across various industries, which requires continuous upkeep and modernization. As businesses and institutions increasingly prioritize asset longevity, there is a noticeable shift towards proactive and preventive maintenance strategies that help reduce downtime and long-term costs. Additionally, the ongoing modernization of facilities has resulted in a growing number of systems requiring regular servicing, creating further demand for maintenance solutions. Beyond scheduled upkeep, there is also an increasing need for emergency and on-demand maintenance services, reinforcing the market's growth and solidifying its long-term potential.

The Italian energy management market is projected to grow at an estimated CAGR of 8% from 2023 to 2028, increasing from €2.4 billion to €3.3 billion. This growth is fueled by the increasing shift towards decentralized energy solutions, as businesses and institutions seek greater energy independence and resilience. Additionally, corporate initiatives aimed at cost efficiency and sustainability are leading organizations to optimize energy consumption, reducing operational expenses while meeting environmental targets. Government regulations and incentives are also playing a key role in promoting sustainable energy management practices, further accelerating adoption. Moreover, fluctuations in energy costs have made businesses more proactive in seeking solutions that enhance efficiency and mitigate financial risk, driving demand for innovative energy management services.

The Italian laundering and sterilization market continues to show potential, having reached an estimated €0.8 billion in 2019 and expected to grow further through 2029. Demand for professional laundering and sterilization services has increased significantly, particularly within industries where hygiene and safety are paramount, such as healthcare. Hospitals, in particular, are increasingly reliant on outsourced solutions to meet stringent cleanliness requirements, with the current outsourcing rate of 20% expected to rise substantially in the coming years. This shift presents significant opportunities for securing new contracts, as institutions recognize the advantages of external providers in maintaining compliance and operational efficiency. At the same time, the demand for sterilized textiles across specialized industries, including pharmaceuticals and biotechnology, continues to increase, reinforcing the long-term need for professional services in this sector.

The Polish catering market (including both B2C and B2B markets) is projected to grow at an estimated CAGR of 6% from 2024 to 2029, increasing from €2.1 billion to €2.9 billion, continuing its growth from €1.4 billion in 2021. This growth is driven by an increasing demand for tailored food services that cater to specific dietary needs, particularly in healthcare and institutional settings. In the corporate sector, on-site catering boosts employee satisfaction and office attendance, making it a mission critical service for companies looking to enhance workplace culture and productivity. As organizations seek to improve service efficiency, outsourcing food services has become an increasingly attractive option, allowing businesses and institutions to optimize resources while maintaining high-quality meal offerings. At the same time, rising healthcare standards focused on improving patient nutrition and well-being are driving investments in specialized catering solutions. Meanwhile, innovation and automation are reshaping the sector, introducing greater adaptability and operational efficiencies that further contribute to its growth.

Across all these markets, we see substantial opportunities for expansion, driven by evolving regulations, technological advancements, and shifting business priorities. The increasing emphasis on professional facility management, energy efficiency, and specialized service outsourcing positions us favorably within these growing industries. With a solid market presence and a strategic focus on operational excellence, we are well-equipped to capitalize on these trends, giving us an opportunity for sustained growth. Supported by favorable market dynamics and structural tailwinds, we believe our Facility Management and Laundering and Sterilization segments are well-positioned for sustained growth.

Leading provider of mission critical services for critical markets, uniquely positioned in a fragmented landscape.

We believe that we are one of the largest providers of facility management and laundering and sterilization services in the highly fragmented Italian market. We are also the leading catering service provider in Poland, and have a growing presence in France, Saudi Arabia and Turkey.

According to expert interviews and AIDA, our market position in 2023 reflects our strong standing across multiple service segments.

In Italy, we are the second-largest provider of cleaning services, holding a 4% market share (for the year ended December 31, 2023), in a market where the top 10 players collectively only account for only 20–25% of the market. Our presence in over 500 hospitals across Europe makes us a preferred choice compared to many competitors who operate with more limited regional footprints. Our growth has been largely driven by our ability to foster long-term client relationships, resulting in high client retention rates while simultaneously enhancing our reputation for quality and reliability.

In maintenance, we hold a 5% market share (for the year ended December 31, 2023), making us the fourth-largest provider in a sector where the top ten players account for approximately 50% of the market and with the top 24 players representing approximately two-thirds of the total market.

In energy management, we hold a 13% market share (for the year ended December 31, 2022), making us the third-largest provider in a sector where the top three players account for approximately 50% of the market.

In laundering and sterilization, our subsidiary Servizi Ospedalieri holds a 14% market share (for the year ended December 31, 2023) for laundering (with the top seven players accounting for approximately 60% of the total market) and an 18% market share (for the year ended December 31, 2023) for sterilization (with the top five players accounting for approximately 80% of the total market), making us the second-largest provider.

In Poland, our Rekeep Polska Group is the largest provider of catering services, with a 7% market share (for the year ended December 31, 2023), in a sector where the top ten players together only account for approximately 20% of the market. The increase in our market share in Poland can partially be attributed to our Cook&Chill project, which, through investments in centralized kitchens has allowed us to enhance meal quality and operational efficiency by preparing, chilling, and reheating meals, which helps improve food safety, reduce waste, and lower costs. Our Cook&Chill project, among other things, allows hospitals to increase their reliance on outsourced meal preparation, helping them streamline operations and reduce costs. The increase in our market share was accompanied by a continued growth in our revenues from the Polish market from €129.2 million for the year ended December 31, 2021, to €179.5 million for the year ended December 31, 2023.

We believe our ability to operate across multiple service segments in both Italy and Poland gives us a competitive advantage. By offering a diverse range of mission critical services under one roof, we provide customers with a seamless, integrated approach that enhances operational efficiency and reduces complexity. The fragmented nature of the markets in which we operate presents a significant opportunity for growth through market consolidation. This allows us to strengthen our position by acquiring market share from competitors, as no single player has consolidated a dominant share.

Defensive business model as a mission-critical service provider with a clear focus on the healthcare sector.

Our service offering spans multiple sectors, each playing a crucial role in the smooth functioning of healthcare, public, and private facilities. As a provider of mission-critical services, we play an integral role in supporting the operations of our customers, particularly those in the healthcare sector. Additionally, our business model remains highly defensive due to the significant barriers to entry in the markets in which we operate.

Our comprehensive service offering ensures that healthcare operators can rely on us for a wide range of essential solutions, enabling them to focus on delivering high-quality patient care. We believe that we offer the broadest range of healthcare services among our competitors, with over 4,000 catering workers, four laundering facilities, four sterilization plants for surgical fabrics, three sterilization plants for surgical instruments, 25 sterilization plants within hospitals, and three sterilization plants for disposable kits. This infrastructure enables us to service approximately 700,000 operating fields every year and 350,000 surgeries every year while also dressing around 290,000 surgical operators every year, making over 40,000 beds, managing over 850 heating and air conditioning systems, and sanitizing more than 3,400 carriages daily.

Our cleaning services extend beyond general hygiene and disinfection to include specialized solutions such as operating room sterilization and medical waste management. Given the critical nature of these services, we benefit from long-standing client relationships and a strong reputation, both of which act as significant barriers to entry for new competitors.

Our laundering and sterilization services support healthcare providers by ensuring the highest standards of hygiene for hospital linens, surgical instruments, and disposable procedure kits. Compliance with strict regulatory standards and the structured regional tendering process make this a highly specialized and competitive sector, where established providers like us hold a distinct advantage.

We also provide a broad range of maintenance services, from building management to healthcare logistics and hospital internal pharmacy management. These services require a highly skilled workforce and advanced technological capabilities, both of which present significant barriers for new entrants. Our long-term service agreements further reinforce our market presence, ensuring stability and continuity in service delivery.

Our widespread presence across Italy, along with our expanding international footprint, underscores our role as a key partner in healthcare service delivery. The indispensable nature of our services is further demonstrated by our ability to provide sanitation and disinfection services to intensive care units, 24/7 emergency support, and the supply of disposable emergency and first aid kits. We believe our capacity to offer a wide range of integrated services and the essential nature of some of these services represents a significant opportunity for our customers, who can rely on a single supplier without compromising the quality of the services rendered.

We also offer energy management, providing power supply and heat management solutions while ensuring optimal energy efficiency for our customers. The complexity of these services, which require advanced technological expertise and long-term contractual commitments, limits market entry for new players. Additionally, our integrated partnerships allow us to offer customized energy solutions that align with the operational needs of our customers.

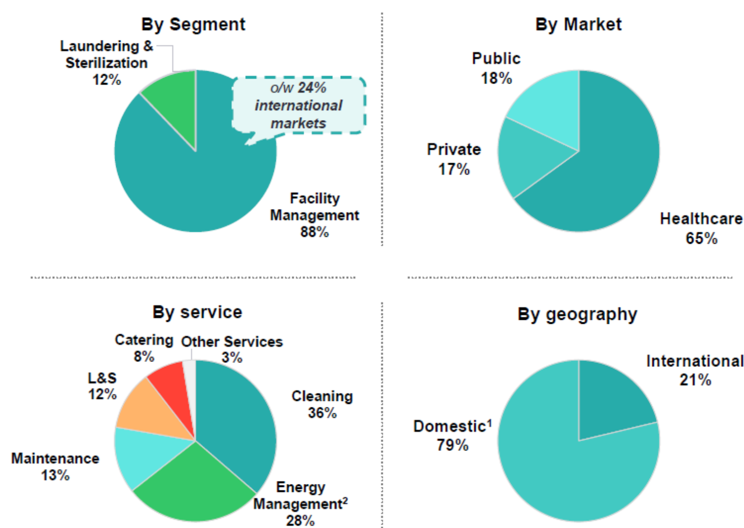
Our business relationships with our PSE and healthcare customers are usually formed by participating in public tenders. We believe that stringent public tender requirements in Italy are another barrier to entry due to the complex technical requirements of the proposal and related documents that operators must prepare to participate in public tenders. The new Italian Public Tender Code has shifted public authorities' focus from cost to the quality and standard of service provided, favoring specialized and technical providers over those that prioritized low pricing at the expense of quality. We have regularly participated in public tender processes and have the expertise and personnel to successfully bid in such processes. We possess unique in-depth knowledge of the complex Italian public tender requirements to which we dedicate a team of specialists across our Facility Management Segment and Laundering and Sterilization Segment.

Our catering services in Poland also form integral part of our offering, with large-scale meal solutions designed to meet the dietary and nutritional needs of healthcare and institutional customers. The ability to operate efficiently at scale is crucial in this market, making it difficult for smaller players to compete. Significant barriers to entry include the substantial time and cost required to build centralized kitchens, typically taking four to five years to establish. Additionally, our specialization in healthcare catering gives us a competitive advantage over non-specialized competitors, ensuring tailored solutions that meet stringent dietary and regulatory standards. Our investment in a third centralized kitchen, which we expect will become operational in 2027, further enhances our coverage, allowing us to serve the entire country, reinforcing our market position and service reliability. Partnerships with healthcare institutions and the regulatory requirements necessary to operate in the public sector further increase these barriers to entry.

Diversification across customers and services with well positioned platform to drive further growth.

We have built diversified and long-standing customer base, serving over 1,600 customers as of December 31, 2024. Our diversified customer base and diverse service offering have been a key driver of our continued growth, reducing our reliance on any single service or sector while ensuring resilience in fluctuating market conditions. By maintaining a broad portfolio of services and industries, we can effectively mitigate risks, seize new opportunities, and adapt to evolving client needs.

The below charts illustrate our total revenue for the twelve months ended September 30, 2024, by segment, market, service and geography.



Source: Company information, Managerial Accounts

(1) "Domestic" includes only the revenues originated in Italy from our Facility Management and Laundering and Sterilization segments.

(2) "Energy Management" includes revenues from our energy management services. All other maintenance activities are accounted for under "Maintenance".

(3) Revenue splits exclude intra-Group eliminations.

Our ability to provide integrated facility management services, combined with our geographic proximity to our customers, allows us to act as a one-stop-shop for leading companies and institutions across the healthcare, public, and private sectors. We believe our proposals for integrated services tend to be more cost-efficient for our customers than using individual services provided by a range of suppliers. In addition, we believe our integrated services tend to produce increased customer loyalty, which provides us with an important competitive advantage.

Our clientele includes major public entities, such as central government ministries, local governments, and universities, as well as prominent public healthcare institutions and top-tier private companies, including Amazon, NTV-Nuovo Trasporto Viaggiatori (Italo), Umberto I Policlinico di Roma, and NH Hotels.

Our established network in both our Facility Management and Laundering and Sterilization segments throughout Italy and internationally positions us to provide services to our customers quickly and continue to develop close, long-standing relationships directly with our customers. Among our top 40 customers, approximately 50% have been with us for over ten years, 40% for five to ten years, and 10% for less than five years. This longevity underscores the trust our customers place in our services and reinforces our position as a preferred provider in the industry. For the year ended December 31, 2023, our top 40 customers generated approximately 45% of our total revenue.

Resilient business refocused towards highly visible and recurring revenue streams and long-term contracts.

We believe our customers consider our services fundamental to their operations, as we provide them with the technical expertise they need in a cost-effective manner compared to managing these functions internally. As a result, we have built long-term relationships, ensuring stable revenue visibility and a consistently strong pipeline. The average duration of our contracts varies by sector, with healthcare facility management contracts typically lasting four to five years, and laundering and sterilization contracts lasting on average six to seven years. Our agreements with private sector customers tend to range between one and three years, while contracts with public sector entities generally average four years and contracts for our international operations generally last two years. Given the key nature of our services, delays in tender processes or contract assignments often result in the renewal of existing contracts to ensure service continuity. As a result, the actual duration of service delivery frequently extends beyond the initial contract term.

Our multi-year contracts provide reliable and predictable revenue streams. We measure this through our backlog, which represents the total value of signed contracts or binding commitments from customers. Although our backlog was affected by external market challenges in 2022 and 2023, including changes in tendering processes and a decline in the value of awarded contracts, 2024 has shown signs of recovery in Italy which we expect to continue in 2025 given an expected increase in number of non-public addressable tenders compared to previous years. This rebound in the Italian market is highlighted by an increase both in terms of the number and volume of tenders we participated in and our pipeline. In the nine months ended September 30, 2024, we had participated in 91 tenders, an increase from 76 in the same period in 2022, with a total volume of €1,352 million, up from €692 million in September 2022. Despite this rebound, the new tenders we have partecipated to require 1-2 years, in case of awarding, before converting into signed contracts, so our backlog does not yet reflect the increased tenders and pipeline. As of September 30, 2024, our backlog stood at €2.7 billion, with the majority attributed to public sector and healthcare contracts, reflecting our strong positioning in these critical markets. See "*Risk factors—Risks related to our business—Our backlog is subject to unexpected adjustments and service contract terminations and is, therefore, an uncertain indicator of future earnings*" and "*Management's discussion and analysis of financial condition and results of operations—Principal factors affecting our results of operations—Increased outsourcing of facility management and growing backlog*" and "*Management's discussion and analysis of financial condition and results of operations—Principal factors affecting our results of operations—Backlog*."

DOMESTIC (Italy)			
HEALTHCARE CUSTOMERS	PUBLIC CUSTOMERS	PRIVATE CUSTOMERS	INTERNATIONAL
✓ **Backlog: ~€1.9b** ✓ **Contract length[1]** (avg. 4+ yrs) : ▸ FM (healthcare): 5+ yrs ▸ Laundering & Sterilization: 6-7 yrs	✓ **Backlog: ~€0.4bn** ✓ **Contract length[1]:** ▸ FM (public): ~4 yrs	✓ **Backlog: ~€0.1bn** ✓ **Contract length[1]:** ▸ Private: 1 to 3 yrs (often with automatic renewal clauses)	✓ **Backlog: ~€0.3bn** (o/w ~84% healthcare) ✓ **Contract length[1]:** ▸ Avg. 2+ years

Source: Company information

(1) Average based on acquired contracts in the years 2021 Q3 2024.

Beyond backlog, our business benefits from a high level of recurring revenue, supported by a diverse customer base with a strong retention rate. With over 1,600 customers, our top 40 customers only accounted for 45% of our total revenue for the year ended December 31, 2023. Looking ahead to 2025, we estimate that approximately 80 to 85% of our revenues will come from backlog, extension and renewal of existing contracts. Additionally, between 2019 and 2023, we had a 90% contract renewal rate among our top 40 customers, demonstrating our ability to maintain and grow long-term relationships. Even when contracts expire, we continue to provide mission critical services until new tenders are finalized, ensuring uninterrupted service delivery. This strengthens our customer relationships and reinforces our position as the preferred provider for contract renewals and future tenders.

Track record of sustained profitability with keen focus towards steady growth.

Our long-standing customer relationships and the mission critical nature of our services have ensured steady revenue growth over the years. For the years ended December 31, 2021, 2022, and 2023, and for the twelve months ended September 30, 2024, we generated revenues of €1,122.0 million, €1,294.4 million, €1,186.8 million, and €1,212.6 million, respectively.

In recent years, we have also focused on optimizing organizational efficiency, with particular attention to SG&A expenses and platform operations. These efforts have helped us manage margin pressures effectively. For the twelve months ended September 30, 2024, our Normalized Adjusted EBITDA was €120.7 million, with a Normalized Adjusted EBITDA margin of approximately 10.0%.

One of the key drivers of our sustained growth has been our international expansion especially our continued growth in Poland. The acquisition of Rekeep Polska strengthened our presence in the Polish healthcare facility management market and, in particular in the B2B catering market. Rekeep Polska primarily provides catering services to public hospitals. In recent years, notable capital expenditures have been made, leading to the construction of two central kitchens (or food processing plants): one in Gdańsk and another in Oświęcim, with the latter having a larger capacity. A third central kitchen in Koluszki is currently under construction and is expected to become operational in 2027. Technological advancements, such as Cook&Chill, enhance meal quality and operational efficiency by preparing, chilling, and reheating meals, which helps improve food safety, reduce

waste, and lower costs. With these three central kitchens (or food processing plants), Rekeep Polska aims to cover the entire Polish territory. Rekeep Polska's strong competitive standing enables it to attract specialized talent, including foreign professionals, which smaller players struggle to recruit. Additionally, Rekeep Polska has developed specialized expertise in navigating the complexities of the public sector, building a dedicated team to effectively manage public tenders over time.

Revenues in Poland accounted for 18.4% of total revenue for the twelve months ended September 30, 2024, up from 11.5% in 2021.

In recent years, we have successfully expanded into France, Turkey, and Saudi Arabia, securing facility management contracts primarily in the transport and healthcare sectors. Our international revenues (excluding Poland) accounted for 3.2% of total revenue for the twelve months ended September 30, 2024, up from 2.4% in 2021. Despite the negative EBITDA generated by our Saudi operations during this period, we have continued to achieve steady growth. The charts below illustrate our sustained growth notwithstanding our Saudi operations.

Our growing international footprint has also driven an increase in revenues from the healthcare sector, which we see as a key area of growth due to the longer contract durations, providing enhanced revenue visibility. Since 2021, healthcare contracts have formed the largest portion of our business, accounting for 76.5% of our backlog as of December 31, 2023, compared to 72.5% in 2021.

Experienced management team and robust governance.

Our success is driven by a highly experienced management team that brings together investment professionals with deep industry expertise and a proven track record in business transformation. Their leadership extends across all functional areas of our business, ensuring strategic oversight and operational excellence. Giuliano Di Bernardo, who has served as our Chief Executive Officer since 2017, has over 25 years of experience in the industry and brings invaluable knowledge and a strong track record of leadership. Alongside him, our Board of Directors and the senior management teams across our group companies contribute a wealth of experience, guiding the organization with a focus on innovation, efficiency, and sustainable growth.

Supporting our leadership is a solid compliance and governance framework. Since implementing our compliance model in 2008, in line with Italian Legislative Decree No. 231/2001, we have regularly updated it, with the latest revision on August 29, 2024 (the "231 Model"), to incorporate new regulatory developments in whistleblowing. This approach ensures we remain aligned with regulatory standards and best practices. Our 231 Model is supported by a dedicated software and an independent 231 Supervisory Body, which conducts regular audits and collaborates with both internal and external advisors, including BDO Advisory Services S.r.l. Our internal procedures for consulting services and public tender processes further demonstrate our commitment to compliance. Our Code of Ethics, updated in May 2023, along with our whistleblowing compliance program introduced in July 2023, and our antitrust compliance program, which includes a quarterly audit plan and a new antitrust code of conduct, underscore our focus on ethical governance and regulatory adherence. In March 2024, a new board of directors was appointed, with three independent members out of seven, and has established a Related Parties Committee, an Appointments and Remuneration Committee, and a Control and Risk-ESG Committee. Additionally, the appointment of a partner from BDO Advisory Services S.r.l. as the head of internal audit highlights our

commitment to ethical governance. We conduct regular training and communication sessions to ensure the effective implementation of our compliance system.

Our strategies

Our objective is to strengthen our position as a leading integrated facility management provider in Italy and to achieve sustainable profitable growth and strong liquidity through the following strategic pillars:

Consolidation of our existing portfolio and restoration of our market share with a focus on traditional and core activities.

Going forward, we intend to consolidate our existing client portfolio and enhance our market position in our core markets through the following strategies across our Group:

Rekeep & CMF: Our focus is on consolidating our existing portfolio and gradually restoring our market share, particularly in the integrated facility management sector. We plan to enhance our commercial structure and expand our presence in regions where we currently have limited coverage. By strategically investing margins, we aim to leverage operating efficiencies on fixed costs. Additionally, we will also participate in smaller tenders to strengthen our market position. Our strategy includes a renewed emphasis on maintenance services, especially construction works. We also plan to engage in tenders for other soft services, such as logistics and concierge services. Furthermore, we are committed to rationalizing our structural costs by reducing reliance on external services, improving IT systems efficiency, and optimizing office utilization. Finally, we may evaluate minor bolt-on acquisitions to integrate other service providers, thereby strengthening our competitive position, broadening our range of offerings, and increasing our presence in the markets where we operate.

H2H: We aim to expand our presence in the private client market by focusing on innovative and digital services. We intend to leverage our rebranding to enhance our market position and strengthen our cleaning and maintenance services while also bolstering H2H Digital's commercial structure. We are committed to integrating additional innovative and digital services through H2H Digital Solutions and H2H Document Solutions. Additionally, we intend to optimize our picking operations (service of placing products on retail shelves) and implement internal cost rationalization.

Teckal (Energy management): We plan to manage our Energy Management business as a largely independent entity to explore a differentiated approach from traditional facility management. The energy services, which were previously carried out by Rekeep and Consorzio Stabile CMF, are now provided by our subsidiary, Teckal, as a result of the business reorganization that occurred on January 1, 2025. See "*Summary—Recent Developments*." We are considering seeking and prioritizing project financing opportunities to support potential growth and innovation within the unit. By leveraging requalification projects, we hope to enhance cross-selling opportunities, thereby improving our service offerings and client relationships. Additionally, we are looking into implementing targeted requalification initiatives to potentially improve profitability on existing projects, aiming for sustainable financial performance. For projects currently operating at a loss, we are considering engaging in contract redefinition with clients to realign terms and improve project viability.

International: We plan to expand our presence in high-growth sectors and regions by strengthening our position in existing markets and exploring selective inorganic growth opportunities. Building on our past successes, we aim to export our know-how and accumulated expertise from Italy to high-growth sectors and regions. We intend to reinforce our position in existing markets such as Poland, France, Turkey, and Saudi Arabia by entering into public-private partnerships, forming joint ventures, or acquiring companies while leveraging the local expertise of existing management and shareholders. See "*—Continue to consolidate market presence through bolt-on acquisitions in Italy and in select international markets, replicating our successful business model.*"

Servizi Ospedalieri (Laundering and Sterilization): We aim to drive growth in the sterilization business by leveraging Public-Private Partnerships (PPPs). Additionally, we are redefining our contract management and purchasing models to minimize initial capital expenditures and improve our DSO and DPO balance. Our focus on regional laundering tenders is designed to enhance our competitive positioning by developing projects with high technical value, emphasizing Minimum Environmental Criteria. Furthermore, we are consolidating our medical kits business within our Medical Device and U.Jet S.r.l. subsidiaries, progressively integrating our existing portfolio with new client acquisitions and strengthening commercial relationships.

Consolidation of our leadership in the public administration segment.

We intend to continue to consolidate our leading position among Italian PSEs and healthcare customers and further increase our market share by acquiring new contracts with large centralized purchasing agencies of Italian PSEs and healthcare customers to achieve high working volumes allowing us to leverage our economies of scale. We intend to use our in-depth knowledge of the requirements and tendering process in the Italian market and our ability to meet regulatory requirements and offer the full range of services required to win new contracts. In particular, the aggregation of PSE contracts through regional purchasing authorities' framework agreements that often comprise a larger range of services and/or geographic areas is particularly attractive because such contracts focus on a combination of cost and quality and award, subject to certain terms and conditions, rights to provide services for up to a set maximum amount in a specified region for a certain period. In addition, we also plan to start targeting also tenders with smaller contract values that may offer greater geographic interest and higher profit margins. This involves concentrating commercial efforts on smaller contracting authorities (such as municipalities, provinces, and care facilities) where our local presence and expertise provide a competitive edge. Our scale and national presence in Italy permits us to quickly begin performing under such agreements and therefore turn public tender wins into ready cash generation. Following successful tender wins under framework agreements, we intend to continue to actively promote our services to the PSEs in our assigned geographical areas, using our know-how to propose both routine and non-routine services to our customers, thereby realizing the maximum revenues potential thereunder.

Our size, technical offering and operational expertise provide us with a compelling advantage to seize such opportunities.

Drive cash flow generation and deleveraging.

We intend to focus on generating strong cash flows from operations through preserving our high profitability, improving working capital management, completing our growth capex plan and maintaining low maintenance capital expenditures in accordance with historical trends, with a view to decreasing our financial indebtedness. We intend to increase our cash flow generation and maintain our strong profitability, by focusing on efficiency improvements and aiming to achieve a reduction and optimization of (i) fixed costs, through constant monitoring of general and administrative expenses, (ii) variable costs, by way of optimizing the deployment and utilization of our personnel and renegotiation of agreements with suppliers, and (iii) capital expenditures, by way of rationalization of our major investments (information technology and linen) and adopting consistent internal rate of return thresholds. In addition, we intend to improve our working capital management by accelerating our invoicing procedures, increasing our focus on customer interaction and strengthening billing and collection procedures through coordinated and organized series of data collection initiatives (i.e. periodic visits to customers). As part of our strategic plan to optimize financial performance, we are also considering selling certain assets to substantially reduce leverage and strengthen our focus on the remaining business activities. Additionally, the FM4 renegotiations will free up additional cash flow for use in the business compared to previous years, enabling us to prioritize our business growth initiatives rather than allocating resources toward fine payments. By concentrating on these areas, we aim to extract synergies and achieve greater organizational efficiencies, thereby driving long-term growth and value creation.

The Transactions

The Refinancing

The gross proceeds from the offering of the Notes, together with cash on the Issuer's balance sheet, are expected to be used by the Issuer to redeem the Existing Notes at a price of 100% of the aggregate principal amount thereof, plus accrued and unpaid interest to, but excluding, the date of redemption, and additional amounts, if any (the "**Refinancing**").

The table below sets forth the expected estimated sources and uses of the funds related to the Refinancing. Actual amounts are subject to adjustment and may differ from these estimated amounts, depending on several factors, including the actual amount of the fees and expenses incurred in connection with the Transactions (as defined below) and the ultimate timing of the redemption of the Existing Notes. This table should be read in conjunction with "*Use of Proceeds*" and "*Capitalization*".

Sources of funds	Uses of funds

(€ in millions)

Sources			Uses		
Notes offered hereby[(1)]	€	360.0	Redemption of the outstanding Existing Notes[(3)]	€	370.0
Cash on balance sheet[(2)]	€	26.5	Estimated costs, fees and expenses[(4)]	€	16.5
Total sources	**€**	**386.5**	**Total uses**	**€**	**386.5**

(1) Represents the aggregate principal amount of the Notes.

(2) Represents a portion of the cash on balance sheet as of September 30, 2024. See "*Capitalization*."

(3) Represents the aggregate principal amount of the Existing Notes outstanding as of September 30, 2024, to be redeemed on or about the Issue Date at par following the delivery of a notice of redemption in respect thereof. The amount presented in the table excludes accrued and unpaid interest relating to the Existing Notes.

(4) Represents certain estimated fees and expenses associated with the Transactions and an original issue discount of 97.50%. Actual fees and expenses may vary from this amount due to a number of factors, including the actual date of redemption.

The Revolving Credit Facility Agreement

As of the date of this Offering Memorandum, we have entered into a new revolving credit facility agreement with several lenders, including the Initial Purchasers or certain of their affiliates, in a principal amount of €55.5 million, to replace the 2021 Revolving Credit Facility Agreement (the "**Revolving Credit Facility Agreement**"). The Revolving Credit Facility Agreement is expected to replace the 2021 Revolving Credit Facility Agreement on or about the Issue Date, subject to the satisfaction of certain customary closing conditions (including the successful closing of the offering of the Notes).

We refer to the offering of the Notes hereby, the Refinancing, the intended replacement of the 2021 Revolving Credit Facility with the Revolving Credit Facility and any actions or steps related thereto, collectively, as the "**Transactions**."

Recent Developments

Current Trading

The estimated unaudited financial information for the year ended December 31, 2024 presented below is based on certain estimates and unaudited management reports prepared since September 30, 2024 and is not intended to be a comprehensive statement of our financial and/or operational results for such period. The estimated unaudited financial information is not prepared in compliance with any published guidelines from the U.S. Securities and Exchange Commission (SEC), CONSOB, the American Institute of Certified Public Accountants for preparation and presentation of estimates, unaudited preliminary financial information or IFRS and it is not comparable with the corresponding financial information disclosed elsewhere in this Offering Memorandum. Our independent auditors have not audited, reviewed, compiled or performed any procedures with respect to such estimated unaudited financial information for the purpose of its inclusion herein. Accordingly, they have not expressed any opinion or provided any form of assurance in relation thereto for the purpose of this Offering Memorandum. Our estimates regarding Normalized Adjusted EBITDA should not be considered a substitute for, or an indication of our net income for the same period.

The estimated unaudited financial information disclosed below does not take into account any circumstances or events occurring after the ending date of the period to which it refers and is based on a number of assumptions that are subject to inherent uncertainties subject to change. In addition, while we believe that the estimated unaudited financial information are reasonable and can provide investors with a helpful indication on the development of our results of operations following September 30, 2024, our actual results for the year ended December 31, 2024 may differ materially from the trends disclosed below. As such, you should not place undue reliance on such estimated unaudited financial information. We did not close our books and records for any of the months ended October 31, 2024 and November 30, 2024 and have not yet done so for the year ended December 31, 2024. No IFRS financial information for any period after September 30, 2024 is currently available and we have not yet prepared our consolidated financial statements for the year ended December 31, 2024. Our consolidated financial statements as of and for the year ended December 31, 2024 are expected to be finalized and delivered in April 2025. See "Forward-looking statements" and "Risk Factors" for a more complete discussion of factors that could affect our future performance and results of operations.

We expect that the growth of our Normalized Adjusted EBITDA for the nine months ended September 30, 2024, compared to the corresponding period of the prior year, continued into the fourth quarter.

See “*Management’s discussion and analysis of financial condition and results of operations—Results of operations—Nine months ended September 30, 2024, compared to the nine months ended September 30, 2023*” and “*Risk factors—Risks related to our business*.”

Saudi Settlement

On January 29, 2025, our subsidiary Rekeep Saudi Co. Ltd. received a payment of €30.0 million (VAT excluded, but gross of other taxes and costs) (the “**Settlement Proceeds**”) as a result of an arbitration proceeding. On April 10, 2023, our subsidiary in Saudi Arabia, Rekeep Saudi CO Ltd, received a notice of termination of a contract for the operation and maintenance (“**FM Contract**”) of four lines of the Riyadh subway previously awarded by Operation Alliance Co LLC (“**OPS**”). Since the parties were not able to find an amicable resolution under the terms of the FM Contract, on May 9, 2023, our subsidiary in Saudi Arabia initiated an arbitration proceeding before the International Chamber of Commerce (ICC) claiming damages for approximately SAR 319,149,532 (about USD 85 million) against OPS, and, on a joint and several basis, Ferrovie Dello Stato ltaliane S.p.A. and Hitachi Rail STS S.p.A., as the latter were involved in matters relating to the FM Contract (all together the “**Respondents**”). On July 10, 2023, Rekeep Saudi CO Ltd also served a notice of termination of the FM Contract, claiming a breach of contract. The Respondents filed a counterclaim for an amount of SAR 162,779,777.79 (equivalent to approximately USD 43.4 million), against Rekeep Saudi CO Ltd. and Rekeep S.p.A., in its capacity as guarantor. On December 16, 2024, the parties agreed on a settlement that provides for: (i) a payment of the Settlement Proceeds (VAT excluded, but gross of other taxes and costs) to Rekeep Saudi CO Ltd. by the Respondents which was paid on January 29, 2025; (ii) the release of both the performance bond posted by Rekeep Saudi CO Ltd. in connection with the FM Contract and the Rekeep S.p.A.’s guarantee; and (iii) the waiver of the arbitration proceeding by each of the parties involved. See “*Capitalization.*” We expect that the Settlement Proceeds received by Rekeep Saudi CO Ltd will be repatriated to our Italian group.

Sale of Starfire S.A.

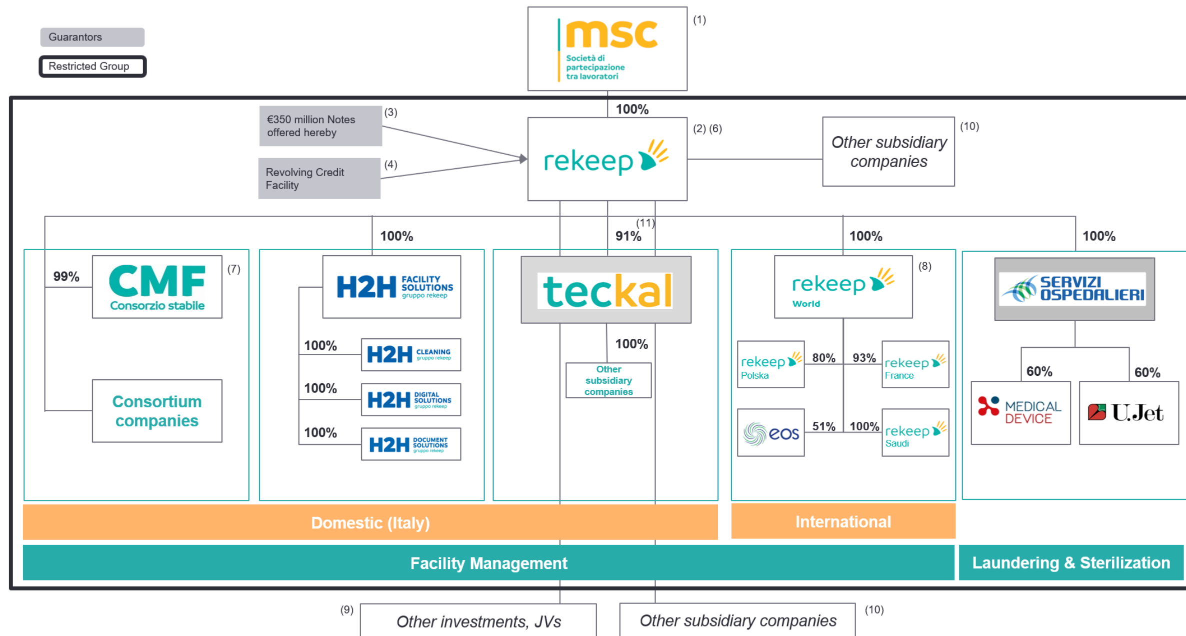
In December 2024, we sold our remaining 5% stake in Starfire S.A., the parent company of Sicura S.p.A., an Italian company engaged in the field of corporate security, and received a payment €7.5 million from the buyer. See “*Capitalization.*”

Energy Business Reorganization

Until recently, the Issuer and Consorzio Stabile CMF each carried out energy related services, providing energy management and retrofitting services primarily to healthcare entities. See “*Business—Our services—Energy Management.*” These units included various assets, contracts, and employees. On December 6, 2024: (i) the quotaholders’ meeting of Teckal S.r.l. (“**Teckal**”) (formerly named Rekeep Rail S.r.l.) resolved upon a capital increase of Teckal for an amount, including share premium, equal to the value of the Issuer’s energy business unit as of that date, and (ii) the Issuer and Teckal entered into a deed of contribution of the Issuer’s energy business unit, pursuant to which the Issuer fully subscribed and paid up the above-mentioned capital increase. On December 12, 2024, Consorzio Stabile CMF spun-off its energy business unit to Teckal. Teckal in turn transferred its rail operations to Consorzio Stabile CMF. The foregoing transactions (collectively, the “**Energy Business Reorganization**”) became effective on January 1, 2025 and resulted in Teckal undertaking exclusively the Group’s energy business. As of the date of this Offering Memorandum, Teckal’s quotas are held 91% by the Issuer, approximately 3% by Servizi Ospedalieri, approximately 3% by H2H Facility Solutions and approximately 2% by H2H Digital Solutions, with the remainder held by our subsidiary Rekeep World S.r.l. Our management believes that centralizing the Group’s Energy Management business within a single legal entity will make the energy business services more efficient, including carrying out initiatives to improve the energy business’ margins and capitalizing on requalification projects to maximize cross-selling opportunities. We estimate that our Energy Management services generated approximately 29% of our total revenues (gross of intra-group elimination) for the year ended December 31, 2023. This estimate is based on unaudited management accounts that do not reconcile to our statutory accounts or the Financial Statements.

CORPORATE STRUCTURE AND CERTAIN FINANCING ARRANGEMENTS

The following chart shows a simplified summary of our corporate and financing structure as of the date of this Offering Memorandum adjusted to give effect to the Transactions. The chart does not include all of our subsidiaries or all the debt obligations thereof. For a summary of the debt obligations identified in this diagram, please refer to the sections entitled "*Description of the Notes*," "*Description of Certain Financing Arrangements*" and "*Capitalization.*" Unless otherwise indicated, entities shown in the chart are wholly owned.



(1) MSC, a joint stock company (*società per azioni*), owns 100% of the share capital of the Issuer. For more information regarding MSC and its shareholders, see "*Our shareholder.*"

(2) The Issuer is a joint stock company (*società per azioni*) incorporated under the laws of the Republic of Italy that carries out facility management services and serves as the main holding company for the rest of the Group.

(3) On the Issue Date, the Notes are not expected to be secured by any Collateral. On January 24, 2025, the Issuer, jointly with MSC, the direct shareholder of the Issuer, submitted an application with the Italian Golden Power Authority (as defined herein) pursuant to the Italian Golden Power Legislation (as defined herein) to obtain the Italian Golden Power Clearance (as defined herein) with respect to the granting or reconfirming, as applicable, on a first-ranking basis of: (i) a pledge over all of the shares of the Issuer held by MSC (the "**Issuer Share Pledge**"), (ii) a pledge over all of the shares of Servizi Ospedalieri held by the Issuer, (iii) a pledge over all of the quota of Teckal held by the Issuer (i.e., approximately 91% of the quota of Teckal), and (iv) an assignment by way of security of the Issuer's interest in the receivables in respect of certain material intercompany loans owing to it by the Guarantors and H2H Facility Solutions (collectively, the "Collateral"). Subject to the Agreed Security Principles and certain perfection requirements, the Notes will be secured on a first-ranking basis by the Issuer Share Pledge within five Business Days and the rest of the Collateral within 30 calendar days, respectively, from and excluding the later of (i) the Issue Date and (ii) the Italian Golden Power Clearance Date. If the Italian Golden Power Clearance is not obtained, the Notes will remain unsecured obligations of the Issuer. See "*Risk Factors—Risks related to our business— The granting or extension of the Collateral is subject to the Italian Golden Power Clearance pursuant to the Italian Golden Power Legislation. If the Italian Golden Power Authority adopts an extensive interpretation of the Italian Golden Power Legislation and determines that it is applicable to the business of the Issuer and/or the Group, there may be an impact on the Issuer's and the Group's ability to pursue certain transactions,*" "*Risk Factors—Risks related to the Notes, the Notes Guarantees and the Collateral—— On the Issue Date, the Notes are not expected to be secured. The Notes will be secured by the Collateral only after we obtain the Italian Golden Power Clearance, and the outcome of such process is uncertain. Any enforcement of the Collateral may require clearance by the Italian Golden Power Authority under the Italian Golden Power Legislation.*"

(4) The Revolving Credit Facility has been entered into as of the date of this Offering Memorandum by and among, *inter alios*, the Issuer as borrower, the mandated lead arrangers indicated therein, and UniCredit S.p.A. as agent and the Security Agent. The Issuer currently expects that, based on its financial needs and taking into account potential utilizations and repayments in the meantime, the Revolving Credit Facility will be drawn for an amount equal to approximately €15.0 million on or about the Issue Date. However, the actual amount of the Revolving Credit Facility drawn on or about the Issue Date may vary significantly from this estimate. Subject to the obtainment of the Italian Golden Power Clearance, the Collateral will also secure the Revolving Credit Facility on a super senior basis pursuant to the Intercreditor Agreement. Subject to the obtainment of the Italian Golden Power Clearance and the Agreed Security Principles, the Revolving Credit Facility will also be secured, on a first-ranking basis, by a special lien (*privilegio speciale*) over certain movable assets of the Issuer. Pursuant to the Intercreditor Agreement, in the event of enforcement of the Collateral, the holders of the Notes will receive proceeds from the Collateral only after lenders under the Revolving Credit Facility and counterparties to certain future hedging obligations and certain other indebtedness permitted under the Indenture, if any, have been repaid in full. See "*Description of certain financing arrangements—Intercreditor Agreement.*" For further information on the Revolving Credit Facility, see "*Description of certain financing arrangements—Revolving Credit Facility*" and "*Risk factors—Risks related to the Notes, the Notes Guarantees and the Collateral—Creditors under the Revolving Credit Facility and certain future hedging obligations, if any, and*

certain debt that we incur in the future may be entitled to be repaid with the proceeds of the Collateral securing the Notes in priority to the Notes."

(5) No later than 10 Business Days following the Issue Date, subject to the Agreed Security Principles, and certain material limitations under applicable law, Servizi Ospedalieri and Teckal will guarantee the Notes. Each Notes Guarantee will be a senior obligation of the Guarantors and will rank equal in right of payment to all of the Guarantors' existing and future senior indebtedness and will rank senior to all of the Guarantors' future indebtedness that is subordinated in right of payment to the Notes Guarantees. See "*Risk factors—Risks related to the Notes, the Notes Guarantees and the Collateral—Creditors under the Revolving Credit Facility and certain future hedging obligations, if any, and certain debt that we incur in the future may be entitled to be repaid with the proceeds of the Collateral securing the Notes in priority to the Notes"* The Notes Guarantees, as and when granted, and the security interests in the Collateral will be, as applicable, subject to contractual and legal limitations that will materially limit their enforceability, and the Notes Guarantees may be released under certain circumstances. See "*Risk factors—Risks related to the Notes, the Notes Guarantees and the Collateral*" and "*Certain Limitations on Validity and Enforceability of the Notes Guarantees and the Collateral and Certain Insolvency Law Considerations*." For more information on the Guarantors, see "*Listing and general information—Issuer and Guarantors legal information*" for more information. For the twelve months ended September 30, 2024, the Issuer and the Guarantors generated 62.5% of the Group's total revenue and 77.0% of the Group's EBITDA (gross of intercompany balances and consolidation eliminations), respectively. As of September 30, 2024, the Issuer and the Guarantors constituted 91.0% of the Group's total assets (gross of intercompany balances and consolidation eliminations). The foregoing information does not reflect the Energy Business Reorganization that became effective on January 1, 2025. As a result of the Energy Business Reorganization, the assets, revenues, and EBITDA relating to the Energy Management of the Group, which were previously undertaken principally by the Issuer and, to a lesser extent, Consorzio Stabile CMF, were transferred to Teckal, which will be a Guarantor, and therefore remain within the entities providing credit support in favor of the Notes. See "*Summary—Recent Developments—Business Reorganization*." As of September 30, 2024, after giving *pro forma* effect to the Transactions, the Issuer's subsidiaries that are not expected to guarantee the Notes would have had €54.9 million in outstanding Gross Debt, of which €11.6 million comprises secured Gross Debt (consisting of debt of the Rekeep Polska Group). "*Description of certain financing arrangements—Polish Facilities.*"

(6) The Issuer, Servizi Ospedalieri, Consorzio Stabile CMF and the Rekeep Polska Group have in place a number of factoring facilities and reverse factoring lines with a variety of factoring counterparties. Certain of these facilities are committed, namely the Issuer's, Consorzio Stabile CMF and Servizi Ospedalieri's non-recourse (pro-soluto) revolving factoring facility in place with Banca Farmafactoring pursuant to which they may sell up to €300 million of their trade receivables from entities in the National Health System and PSEs per year. The total amount of indebtedness attributable to our recourse factoring facilities and reverse factoring lines as of September 30, 2024 was €15.4 million and €13.5 million, respectively, all of which is expected to remain outstanding following the Refinancing. Certain other recourse and non-recourse facilities are uncommitted bilateral facilities which are entered into on a spot or rolling basis. Our factoring programs are expected to remain available to us and any indebtedness thereunder associated with the recourse (pro-solvendo) factoring will rank effectively senior to the Notes to the extent of the value of the associated receivables. We expect that recourse and non-recourse factoring will continue to be an option available to us to manage our liquidity if the need arises. See "*Description of certain financing arrangements*" and "*Management's discussion and analysis of financial condition and results of operations—Principal factors affecting our results of operations—Trade receivables and Trade Payables.*"

(7) Consorzio Stabile CMF is a permanent consortium, formed by the Issuer and certain other Group companies, which together own more than 99% of its share capital with the remainder owned by third-party partners. Consorzio Stabile CMF is engaged in facility management and laundering and sterilization activities.

(8) Rekeep Polska, Rekeep France, Rekeep Saudi EOS and are majority-held and fully consolidated subsidiaries of the Issuer carrying out facility management and laundering in Poland, France and Saudi Arabia and sterilization activities in Turkey, respectively. See "*Risk Factors—Risks related to our capital structure—We are exposed to risks related to Group companies that include non-controlling shareholders and our investments with third parties" and* "*Risk Factors—Risks related to our business—We may face cash expenses in connection with the put option granted to Rekeep Polska's non-controlling shareholder."*

(9) Joint ventures and associates, most of which are BOT and PPP companies. We participate in BOT and PPP activities in which we, in conjunction with partners, co-sponsor companies to bid for public tenders and manage our activities under the relevant concession (e.g., build and operate hospital facilities for healthcare customers). Certain of these companies, which are not subsidiaries of the Group, have outstanding debt which is non-recourse to the Group and constitutes project financing that is used to finance specific projects. These companies will not be subject to the restrictive covenants governing the Notes.

(10) The entities in the Restricted Group will be subject to the covenants in the Revolving Credit Facility and the Indenture.

(11) Teckal S.r.l. is a company organized as a limited liability company (*società a responsabilità limitata*), whose quotas are held 91% by the Issuer, approximately 3% by Servizi Ospedalieri, approximately 3% by H2H Facility Solutions and approximately 2% by H2H Digital Solutions, with the remainder held by our subsidiary Rekeep World S.r.l. It provides energy management services as a result of the Energy Business Reorganization. See "*Recent Developments—Energy Business Reorganization.*"

THE OFFERING

The following summary contains basic information about the Notes. It is not intended to be complete and it is subject to important limitations and exceptions. For a more complete description of the terms of the Notes, including certain definitions of terms used in this summary, see "*Description of Certain Financing Arrangements*" and "*Description of the Notes.*"

Issuer.. Rekeep S.p.A., a private joint stock company (*società per azioni*) incorporated under the laws of the Republic of Italy (the "**Issuer**").

Notes Offered .... €360.0 million aggregate principal amount of Senior Secured Notes due 2029.

Issue Date .... On or about February 20, 2025.

Issue Price.. 97.50%, plus accrued and unpaid interest from the Issue Date.

Maturity Date.................................... September 15, 2029.

Interest Rate...................................... 9.00% per annum

Interest Payment Dates .... Interest on the Notes will be payable semi-annually in arrears on each April 10 and October 10, commencing on October 10, 2025.

Form and Denomination .... The Notes will be issued on the Issue Date in global registered form in minimum denominations of €100,000 and integral multiples of €1,000 in excess thereof maintained in book-entry form. Notes in denominations of less than €100,000 will not be available.

Ranking of the Notes .... The Notes will:

- be general senior obligations of the Issuer;
- rank *pari passu* in right of payment with any existing and future indebtedness of the Issuer that is not expressly subordinated in right of payment to the Notes, indebtedness incurred under the Revolving Credit Facility Agreement and certain hedging obligations (if any);
- rank senior in right of payment to any existing and future indebtedness of the Issuer that is expressly subordinated in right of payment to the Notes;
- (subject to the obtainment of the Italian Golden Power Clearance) be secured by the Collateral (as described below under "—*Security*") on a first-priority basis along with obligations under the Notes and the Revolving Credit Facility and certain hedging obligations, if any (but pursuant to the Intercreditor Agreement holders of the Notes will receive proceeds from the enforcement of security over the Collateral only after all obligations under the Revolving Credit Facility and certain hedging obligations, if any, have been paid in full);
- be effectively subordinated to any existing or future indebtedness or obligation of the Issuer and its subsidiaries that is secured by property and assets that do not secure the Notes, to the extent of the value of the property and assets securing such indebtedness or obligation; and
- be structurally subordinated to any existing or future indebtedness of the Issuer's subsidiaries that do not guarantee the Notes, including obligations to trade creditors.

Notes Guarantees .... No later than 10 Business Days following the Issue Date, subject to the Agreed Security Principles and certain material limitations under applicable law, the Notes will be guaranteed by Servizi Ospedalieri and Teckal (collectively and together with any subsidiary of the Issuer that may guarantee the Notes from time to time pursuant to the Indenture after the Issue Date, the "**Guarantors**", and the guarantees of the Notes provided by the Guarantors, the "**Notes Guarantees**").

Each Notes Guarantee will be subject to certain significant contractual and legal limitations. See "*Certain Limitations on Validity and Enforceability of the Notes Guarantees and the Collateral and Certain Insolvency Law Considerations.*" By virtue of these limitations, a Guarantor's obligation under its Notes Guarantee will be significantly less than amounts payable with respect to the Notes, or a Guarantor may have effectively no obligation under its Notes Guarantee. See "*Risk Factors—Risks Related to the Notes, the Notes Guarantees and the Collateral—Corporate benefit, financial assistance laws, capital maintenance and other limitations on the Notes Guarantees and the Collateral may adversely affect the validity and enforceability of the Notes Guarantees and the Collateral.*" The Notes Guarantees will be subject to the terms of the Intercreditor Agreement and may be subject to release under certain circumstances. See "*Description of Certain Financing Arrangements—Intercreditor Agreement*" and "*Description of the Notes—The Notes Guarantees.*" The Guarantors will also guarantee on a senior basis the Revolving Credit Facility.

For the twelve months ended September 30, 2024, the Issuer and the Guarantors generated 62.5% of the Group's total revenue and 77.0%, respectively, of the Group's EBITDA (gross of intercompany balances and consolidation eliminations). As of September 30, 2024, the Issuer and the Guarantors constituted 91.0% of the Group's total assets (gross of intercompany balances and consolidation eliminations). The foregoing information does not reflect the Energy Business Reorganization that became effective on January 1, 2025. As a result of the Energy Business Reorganization, the assets, revenues, and EBITDA relating to the Energy Management of the Group which were previously undertaken principally by the Issuer and, to a lesser extent, Consorzio Stabile CMF, were transferred to Teckal, which will be a Guarantor, and therefore remain within the entities providing credit support in favor of the Notes.

Ranking of the Notes Guarantees..... The Notes Guarantee of each Guarantor will:

- be a general senior obligation of that Guarantor;
- rank senior in right of payment to any existing and future indebtedness of such Guarantor that is expressly subordinated in right of payment to the Notes;
- rank *pari passu* in right of payment with any existing and future indebtedness of that Guarantor that is not expressly subordinated in right of payment to such Notes Guarantee, including that Guarantor's obligations under the Notes, the Revolving Credit Facility Agreement and certain hedging obligations (if any);
- be effectively subordinated to any existing or future indebtedness or obligation of such Guarantor and its subsidiaries that is secured by property and assets that do not secure the Notes, to the extent of the value of the property and assets securing such indebtedness; and

- be structurally subordinated to any existing or future indebtedness of such Guarantor's subsidiaries that do not guarantee the Notes, including obligations to trade creditors.

See also "*Certain Limitations on Validity and Enforceability of the Notes Guarantees and the Collateral and Certain Insolvency Law Considerations—Italy—Limitation on validity and enforceability of the Notes Guarantees and the Collateral—Certain additional considerations in relation to Notes Guarantees and Collateral.*"

Security... On the Issue Date, the Notes are not expected to be secured by any collateral. On January 24, 2025, the Issuer, jointly with MSC, the direct shareholder of the Issuer, submitted an application with the Italian Golden Power Authority (as defined herein) pursuant to the Italian Golden Power Legislation (as defined herein) to obtain the Italian Golden Power Clearance with respect to the granting on a first-ranking basis of: (i) a pledge over all of the shares of the Issuer held by MSC (the "**Issuer Share Pledge**"), (ii) a pledge over all of the shares of Servizi Ospedalieri held by the Issuer, (iii) a pledge over all of the quota of Teckal held by the Issuer (i.e., approximately 91% of the quota of Teckal), and (iv) an assignment by way of security of the Issuer's interest in the receivables in respect of certain material intercompany loans owing to it by the Guarantors and H2H Facility Solutions (collectively, the "**Collateral**"). Subject to the Agreed Security Principles and certain perfection requirements, the Notes will be secured on a first-ranking basis by the Issuer Share Pledge within five Business Days and the rest of the Collateral within 30 calendar days, respectively, from and excluding the later of (i) the Issue Date and (ii) the Italian Golden Power Clearance Date (as defined herein). If the Italian Golden Power Clearance is not obtained, the Notes will remain unsecured obligations of the Issuer. See "*Risk Factors—Risks Related to the Notes, the Notes Guarantees and the Collateral— On the Issue Date, the Notes are not expected to be secured. The Notes will be secured by the Collateral only after we obtain the Italian Golden Power Clearance, and the outcome of such process is uncertain. Any enforcement of the Collateral may require clearance by the Italian Golden Power Authority under the Italian Golden Power Legislation.*"

The Collateral also secures or will secure, as applicable, on a first-ranking basis the Notes, the Revolving Credit Facility and certain hedging obligations (if any) and may also secure certain future indebtedness. The Collateral will be granted subject to the terms of the Intercreditor Agreement, certain agreed security principles, certain material limitations pursuant to applicable laws and the terms of the security documents.

Under the terms of the Intercreditor Agreement, the holders of Notes will receive proceeds from the enforcement of the Collateral only after the lenders under the Revolving Credit Facility and counterparties to certain super priority hedging obligations (if any) have been repaid in full. See "*Certain Financing Arrangements—Intercreditor Agreement.*"

The security interests in the Collateral may be limited by applicable law or subject to certain defenses that may limit their validity and enforceability and may be released under certain circumstances. See "*Description of the Notes—Security*" and "*Certain Limitations on Validity and Enforceability of the Notes Guarantees and the Collateral and Certain Insolvency Law Considerations*" and "*Risk Factors—Risks Related to the Notes, the Notes Guarantees and the Collateral.*"

Use of Proceeds .... The gross proceeds from the offering of the Notes, together with cash on the Issuer's balance sheet, will be used to (x) redeem the aggregate principal amount of the outstanding Existing Notes, and (y) pay costs, fees

and expenses in connection with the Transactions. See "*Summary—The Transactions*" and "*Use of Proceeds.*"

Specified Asset Disposal Mandatory Redemption .... In the event the Issuer or any of its Restricted Subsidiaries receives Net Available Cash at any time until, but excluding, the Maturity Date, from one or more Specified Asset Disposals (in each case, the "**Specified Asset Disposal Sale Proceeds**") the Issuer shall, within 45 Business Days after the receipt of the relevant Specified Asset Disposal Sale Proceeds, and after giving 10 days' prior notice (which notice shall be irrevocable), (i) redeem Notes utilizing the Net Available Cash from each such Specified Asset Disposal at a redemption price equal to 103.00% in an aggregate principal amount of no more than the Specified Asset Disposal Mandatory Redemption Floor and (ii) pay accrued and unpaid interest and Additional Amounts, if any, to, but not including, the applicable redemption date (subject to the right of Holders of record on the relevant record date to receive interest due on the relevant interest payment date falling prior to or on the redemption date) utilizing any funds available to the Issuer or any of its Restricted Subsidiary (the "**Specified Asset Disposal Mandatory Redemption**"), *provided* that, to the extent that, pursuant to the terms of the Revolving Credit Facility as of the Issue Date, such Specified Asset Disposal Sale Proceeds are required to be applied to repay Indebtedness thereunder, the amount of Notes required to be redeemed pursuant to this provision shall be reduced by such amount. See "*Description of Certain Financing Arrangements—Revolving Credit Facility Agreement—Repayments and Prepayments*."

See "*Description of the Notes*."

Optional Redemption .... Prior to September 15, 2026, the Issuer will be entitled, at its option, to redeem all or a portion of the Notes at a redemption price equal to 100.000% of the principal amount thereof, plus accrued and unpaid interest and additional amounts, if any, plus a "make-whole" premium.

At any time on or after September 15, 2026 and until, but excluding, the Maturity Date, the Notes may be redeemed at 104.500%. The Notes are redeemable at par on the Maturity Date.

At any time prior to September 15, 2026, the Issuer may use the proceeds of one or more equity offerings to redeem up to 40% of the aggregate principal amount of the Notes (including the aggregate principal amount of any additional Notes issued), upon not less than 10 nor more than 60 days' notice, at a redemption price equal to 109.00% of the aggregate principal amount of the Notes to be redeemed, plus accrued and unpaid interest and Additional Amounts, if any, to but excluding the date of redemption (subject to the right of the holders of the Notes on the relevant record date to receive interest due on the relevant interest payment date falling prior to or on the redemption date); provided that at least 50% of the original aggregate principal amount of the Notes (including the original principal amount of any Additional Notes) remains outstanding immediately after each such redemption (unless all outstanding Notes are redeemed substantially concurrently therewith) and the redemption occurs within 180 days of the date of the closing of such equity offering.

At any time prior to September 15, 2026, the Issuer may redeem up to 10% of the aggregate principal amount of the Notes originally issued (including the aggregate principal amount of any additional Notes issued) in each twelve-month period commencing on the Issue Date at a redemption price equal to 103% of the principal amount of the Notes so redeemed, plus accrued and unpaid interest and additional amounts, if any.

See "*Description of the Notes—Optional Redemption.*"

Optional redemption for taxation reasons .... If certain changes in the law (or in its interpretation) of any relevant taxing jurisdiction impose certain withholding taxes or other deductions on the payments on the Notes, the Issuer may redeem the Notes in whole, but not in part, at any time, at a redemption price of 100% of the principal amount thereof, plus accrued and unpaid interest and additional amounts, if any, to (but not including) the date of redemption. See "*Description of the Notes—Redemption for Taxation Reasons.*"

Additional amounts .... Except as provided in "*Description of the Notes—Additional Amounts*," all payments the Issuer makes with respect to the Notes, or each Guarantor makes with respect to its Notes Guarantee, will be made without withholding or deduction for, or on account of, any present or future taxes unless required by law. If any such withholding or deduction for taxes is required to be made by law in any relevant taxing jurisdiction with respect to a payment on the Notes or any Notes Guarantee, subject to certain exceptions, the Issuer or the Guarantor, as the case may be, will pay the additional amounts necessary so that the net amount received by the holders of the Notes after the withholding or deduction (including any such withholding or deduction in respect of the additional amounts) is not less than the amount that they would have received in the absence of the withholding or deduction. See "*Description of the Notes—Additional Amounts.*"

The Issuer is organized under the laws of the Republic of Italy and therefore payments of principal and interest on the Notes and, in certain circumstances, any gain on the Notes, will be subject to Italian tax laws and regulations. Subject to and as set forth in "*Description of the Notes—Additional Amounts*," the Issuer will not be liable to pay any additional amounts to holders of the Notes if any withholding or deduction is required pursuant to Decree No. 239 or pursuant to Decree No. 461, except, in the case of Decree No. 239 or Decree No. 461, where the procedures required under Decree No. 239 in order to benefit from an exemption have not been complied with due solely to the actions or omissions of the Issuer or any Guarantor or their respective agents. See "*Description of the Notes—Additional Amounts.*"

Although we believe that, under current law, Italian withholding tax will not be imposed under Decree No. 239 or Decree No. 461 where a holder of the Notes is resident for tax purposes in a country which allows for a satisfactory exchange of information with Italy (as identified currently in Ministerial Decree of September 4, 1996 as subsequently amended and supplemented and, in the future, in any decree to be issued under Article 11(4)(c) of Decree No. 239; any such decree, the "**White List**") and such holder of the Notes complies with certain procedural and certification requirements, there is no assurance that this will be the case. Moreover, holders of the Notes will bear the risk of any change in Decree No. 239 or in Decree No. 461 after the date hereof, including any change in the White List. See "*Taxation—Certain Italian Tax Considerations.*"

Change of Control .... Upon certain events defined as constituting a change of control, the Issuer may be required to make an offer to purchase the outstanding Notes at a purchase price equal to 101% of the principal amount thereof, plus accrued and unpaid interest and additional amounts, if any, to the date of purchase. See "*Description of the Notes.*"

Certain Covenants .... The Indenture, among other things, will restrict the ability of the Issuer and its restricted subsidiaries, to:

- incur or guarantee additional indebtedness and issue certain preferred stock;
- pay dividends, redeem capital stock and make certain investments;
- make certain other restricted payments;
- create or permit to exist certain liens;
- impose restrictions on the ability of the Issuer's subsidiaries to pay dividends;
- transfer or sell certain assets;
- merge or consolidate with other entities;
- enter into certain transactions with affiliates; and
- impair the security interests created for the benefit of the holders of the Notes.

Certain of the covenants will be suspended if the Notes obtain and maintain an investment-grade rating.

Each of the covenants in the Indenture will be subject to significant exceptions and qualifications. See "*Description of the Notes—Certain Covenants.*"

Transfer Restrictions......................... The Notes and the Notes Guarantees have not been, and will not be, registered under the U.S. Securities Act or the securities laws of any other jurisdiction. The Notes are subject to restrictions on transferability and resale. See "*Notice to Prospective U.S. Investors,*" "*Notice to Certain European Investors*" and "*Transfer Restrictions.*" We have not agreed to, or otherwise undertaken to, register the Notes under the securities laws in any jurisdiction (including by way of an exchange offer).

No Established Market for the Notes .... The Notes will be new securities for which there is currently no established trading market. Although the Initial Purchasers have advised us that they intend to make a market in the Notes, they are not obligated to do so and they may discontinue market making at any time without notice. Accordingly, there is no assurance that an active trading market will develop for the Notes.

Listing .... Application will be made to admit the Notes to listing on the Official List of the LuxSE and to trading on the Euro MTF Market, in accordance with the rules thereof. There is no assurance that the Notes will be, or will remain, listed and admitted to trading on the Euro MTF Market.

Governing Law .... The Indenture, the Notes and the Notes Guarantees will be governed by the laws of the State of New York, other than certain provisions which will be subject to mandatory provision of Italian law. The Intercreditor Agreement and the Revolving Credit Facility Agreement are governed by English law. The security documents will be governed by the applicable law of the jurisdiction under which the security interests are granted.

Trustee .... The Law Debenture Trust Corporation p.l.c.

Security Agent.................................... UniCredit S.p.A. in its capacity as security agent and legal representative (*mandatario con rappresentanza*) under the Indenture and the Intercreditor Agreement and representative (*rappresentante*) of the holders of the Notes

pursuant to and for the purposes set forth under Article 2414-*bis*, paragraph 3, of the Italian Civil Code.

Paying Agent .... The Bank of New York Mellon, London Branch.

Registrar and Transfer Agent .... The Bank of New York Mellon SA/NV, Dublin Branch.

Investing in the Notes involves substantial risks. You should consider carefully all the information in this Offering Memorandum and, in particular, you should evaluate the specific risk factors set forth in the "*Risk Factors*" section of this Offering Memorandum before making a decision whether to invest in the Notes.

SUMMARY HISTORICAL FINANCIAL INFORMATION AND OTHER DATA

The following tables present the Issuer's summary consolidated financial information and other data as of and for each of the years ended December 31, 2021, 2022 and 2023 and as of September 30, 2024 and for the nine months ended September 30, 2023 and 2024. This summary financial information and other data is derived from: (i) the Audited Consolidated Financial Statements and (ii) the Unaudited Interim Condensed Consolidated Financial Statements.

The unaudited financial information for the twelve months ended September 30, 2024 is derived by subtracting from the audited consolidated income statements of the Issuer and its consolidated subsidiaries for the year ended December 31, 2023 the information from the unaudited interim condensed consolidated financial statements for the nine months ended September 30, 2023 and adding the information from the unaudited interim condensed consolidated financial statements for the nine months ended September 30, 2024.

See "*Presentation of financial information*" for a discussion of the changes in our scope of consolidation and changes in accounting standards and accounting policies adopted during the periods under review as well as definitions of certain non-IFRS financial measures used in this Offering Memorandum. The following tables should also be read in conjunction with the information contained in "*Use of proceeds*," "*Capitalization*," "*Management's discussion and analysis of financial condition and results of operations*" and the financial statements and related notes included elsewhere in this Offering Memorandum.

Summary consolidated statement of income

	For the year ended December 31,			For the nine months ended September 30,		For the twelve months ended September 30,
(thousands of €)	2021	2022	2023	2023(*)	2024(*)	2024(*)
Total revenue	**1,122,025**	**1,294,376**	**1,186,769**	**870,197**	**896,004**	**1,212,576**
Costs of raw materials and consumables	(214,966)	(352,579)	(253,764)	(178,935)	(187,046)	(261,875)
Change in inventories of finished and semi-finished products	(918)	217	207	(48)	291	546
Costs for services and use of third-party assets	(323,352)	(335,877)	(319,607)	(233,794)	(238,150)	(323,963)
Personnel costs	(460,196)	(469,406)	(485,972)	(360,684)	(379,187)	(504,475)
Other operating costs	(13,606)	(10,923)	(9,860)	(7,160)	(7,525)	(10,225)
Capitalization of lower internal construction costs	140	552	957	453	1,314	1,818
Amortization/depreciation, write-downs and write-backs of assets	(41,477)	(41,912)	(47,721)	(30,766)	(33,194)	(50,149)
Accrual of provisions for risks and charges	(5,471)	(13,505)	(14,964)	(11,248)	(1,743)	(5,459)
Total operating costs	**(1,059,846)**	**(1,223,433)**	**(1,130,724)**	**(822,182)**	**(845,240)**	**(1,153,782)**
Operating income	**62,179**	**70,943**	**56,045**	**48,015**	**50,764**	**58,794**
Share of net profit of associates	1,267	703	(24)	102	335	209
Dividends and income (loss) from sale of investments	1,498	(478)	312	312	255	255
Financial income	1,055	2,773	2,282	1,310	3,028	4,000
Financial charges	(69,681)	(43,568)	(56,509)	(39,630)	(59,203)	(76,082)
Profit (loss) on exchange rate	424	876	(1,529)	304	326	(1,507)
Profit (loss) before tax	**(3,258)**	**31,249**	**577**	**10,413**	**(4,495)**	**(14,331)**
Income taxes, current, prepaid and deferred	(17,743)	(3,750)	(13,108)	(9,998)	(10,960)	(14,070)
Net Profit (loss) from continuing operations	**(21,001)**	**27,499**	**(12,531)**	**415**	**(15,455)**	**(28,401)**
Profit (loss) from discontinued operations	16	—	—	—	—	—
Profit (loss) for the year	**(20,985)**	**27,499**	**(12,531)**	**415**	**(15,455)**	**(28,401)**
Net profit (loss) for the year attributable to non-controlling interests	**(1,603)**	**(368)**	**(690)**	**(745)**	**(708)**	**(653)**

(*) Unaudited.

Summary consolidated statement of financial position

(thousands of €)	As of December 31, 2021	As of December 31, 2022	As of December 31, 2023	As of September 30, 2024(*)
Assets				
Property, plant and equipment	86,375	93,249	117,543	123,632
Property, plant and equipment under lease	43,590	54,625	44,555	46,887
Goodwill	404,706	404,935	406,700	406,550
Other intangible assets	19,479	18,288	17,731	15,814
Investment accounted for under the equity method	9,153	10,121	11,758	11,375
Other investments	7,140	5,996	5,996	5,996
Non-current financial assets	4,702	24,202	6,929	8,088
Other non-current assets	3,232	3,104	4,607	3,885
Deferred tax assets	15,783	17,968	16,472	17,110
Total non-current assets	**594,160**	**632,488**	**632,291**	**639,337**
Inventories	12,743	12,088	13,373	13,294
Trade receivables and advances to suppliers	443,248	537,227	513,771	549,268
Current taxes receivables	5,278	8,671	6,589	—
Other current assets	24,133	59,211	31,681	36,036
Current financial assets	14,799	7,017	15,545	5,665
Cash and cash equivalents	99,512	84,243	76,812	28,905
Total current assets	**599,713**	**708,457**	**657,771**	**633,168**
Assets held for sale	—	—	—	—
Total assets	**1,193,873**	**1,340,945**	**1,290,062**	**1,272,505**
Liabilities				
Employee termination indemnity	10,483	9,970	10,419	10,765
Provisions for risks and charges, non-current	26,035	30,192	31,692	29,231
Long-term financial debt	412,883[6]	408,608	398,218	446,115
Deferred tax liabilities	16,384	15,819	14,619	14,747
Other non-current liabilities	1,391	1,991	85	36,687
Total non-current liabilities	**467,176**	**466,580**	**455,033**	**537,545**
Provisions for risks and charges, current	12,455	18,483	22,707	21,217
Trade payables and contract liabilities	413,374	480,808	422,958	414,200
Current tax payables	—	21	142	979
Other current liabilities	167,457	169,667	172,095	127,161
Bank borrowings including current portion of long-term debt, and other financial liabilities	82,077	132,428	155,126	125,072
Total current liabilities	**675,363**	**801,407**	**773,028**	**688,629**
Liabilities directly associated with assets classified as held for sale	—	—	—	—
Total shareholders' equity	**51,334**	**72,958**	**62,001**	**46,331**
Total liabilities	**1,193,873**	**1,340,945**	**1,290,062**	**1,272,505**

(*) Unaudited.

Summary consolidated statement of cash flow

(thousands of €)	As of and for the year ended December 31, 2021	2022	2023	For the nine months ended September 30, 2023(*)	2024(*)	For the twelve months ended September 30, 2024(*)
Cash flow from/(used in) operating activities	15,893	30,295	40,162	(20,642)	(17,397)	43,407
Cash flow from/(used in) investing activities	(41,309)	(77,445)	(44,019)	(29,150)	(21,686)	(36,555)
Cash flow from/(used in) financing activities	34,415	31,720	(3,583)	25,986	(8,778)	(38,347)
Change in cash and cash equivalents	9,000	(15,430)	(7,441)	(23,806)	(47,862)	(31,497)
Conversion differences in cash and cash equivalents	48	161	10	(4)	(45)	(31)
Cash and cash equivalents at the beginning of the year/period	90,464	99,512	84,243	84,243	76,812	60,433
Cash and cash equivalents at the end of the year/period	99,512	84,243	76,812	60,433	28,905	28,905

(*) Unaudited.

Other financial information

(thousands of €, except percentages and ratios)	As of and for the year ended December 31, 2021	2022	2023	As of and for the nine months ended September 30, 2023	2024	As of and for the twelve months ended September 30, 2024
Cash and cash equivalents	99,512	84,243	76,812	60,433	28,905	28,905
EBITDA[1]	109,127	126,360	118,730	90,029	85,701	114,402
EBITDA margin[2]	9.7%	9.8%	10.0%	10.3%	9.6%	9.4%
Adjusted EBITDA[1]	117,151	129,676	128,061	95,908	87,987	120,140
Adjusted EBITDA margin[2]	10.4%	10.0%	10.8%	11.0%	9.8%	9.9%
Normalized Adjusted EBITDA[1]	117,151	101,964	110,360	77,692	87,987	120,655
Normalized Adjusted EBITDA margin[2]	10.4%	7.9%	9.3%	8.9%	9.8%	10.0%
Gross Debt[3]	454,584	480,706	511,214	529,513	507,008	507,008
Net Debt[3]	340,273	389,446	418,857	452,231	472,438	472,438
Net operating working capital[4]	42,617	68,507	104,186	149,605	148,362	148,362
Outstanding trade receivables sold under factoring facilities but not yet collected	67,962	101,485	62,795	58,375	51,963	51,963
Industrial Capital Expenditures[5]	34,923	57,918	46,800	31,781	36,115	51,134
Gross Leverage (Ratio of Gross Debt[3] to Normalized Adjusted EBITDA)[1]	3.9x	4.7x	4.6x			4.2x
Net Leverage (Ratio of Net Debt[3] to Normalized Adjusted EBITDA)[1]	2.9x	3.8x	3.8x			3.9x

Other *pro forma* financial information

(millions of €, except percentages and ratios)	As of and for the twelve months ended September 30, 2024
Pro forma cash and cash equivalents[6]	34.9
Current Financial Assets[7]	5.7
Gross Debt as Adjusted[3]	497.0
Net Debt as Adjusted[3]	456.4
Net Senior Secured Debt as Adjusted[3]	334.4
Pro forma net interest expense[8]	56.4
Ratio of Gross Debt as Adjusted[3] to Normalized Adjusted EBITDA[1]	4.1x
Ratio of Net Debt as Adjusted[3] to Normalized Adjusted EBITDA[1]	3.8x
Ratio of Net Senior Secured Debt as Adjusted[3] to Normalized Adjusted EBITDA[1]	2.8x
Ratio of Normalized Adjusted EBITDA[1] to *Pro forma* net interest expense[8]	2.1x

(1) "EBITDA" is defined as Profit/(loss) after taxes from continuing operations plus Income taxes, Gains/(losses) on exchange rate, Financial expenses, Financial income, Dividends and Net income/(loss) from sale of investments, Share of net profit of associates, Amortization/depreciation, write-downs and write-backs of assets and (Accrual)/reversal to provisions for risks and charges. "Adjusted EBITDA" is defined as EBITDA as adjusted for certain non-recurring items. "Normalized Adjusted EBITDA" is defined as Adjusted EBITDA as adjusted for certain tax credit amounts. EBITDA, Adjusted EBITDA and Normalized Adjusted EBITDA are not measurements of performance under IFRS and you should not consider EBITDA, Adjusted EBITDA and Normalized Adjusted EBITDA as alternatives to operating income or consolidated profits as a measure of our operating performance, cash flows from operating, investing and financing activities, as a measure of our ability to meet our cash needs or any other measures of performance under generally accepted accounting principles. We believe that EBITDA, Adjusted EBITDA and Normalized Adjusted EBITDA are useful indicators of our ability to incur and service our indebtedness and can assist securities analysts, investors and other parties to evaluate us. EBITDA, Adjusted EBITDA and Normalized Adjusted EBITDA and similar measures are used by different companies for different purposes and are often calculated in ways that reflect the circumstances of those companies. EBITDA and Adjusted EBITDA may not be indicative of our historical operating results, nor is it meant to be predictive of potential future results. See "*Presentation of financial information—Non-IFRS financial measures*." The following table sets forth a reconciliation of EBITDA for the year from profit/(loss) from continuing operations and displays the adjustments to reconcile Adjusted EBITDA and Normalized Adjusted EBITDA to EBITDA.

Reconciliation for the years ended December 31, 2021, 2022 and 2023 and the nine months ended September 30, 2023 and 2024 from the profit / (loss) from continuing operations to EBITDA and Adjusted EBITDA and Normalized Adjusted EBITDA

(thousands of €)	For the year ended December 31,			For the nine months ended September 30,		For the twelve months ended September 30,
	2021	**2022**	**2023**	**2023**	**2024**	**2024**
Profit (loss) for the year	**(20,985)**	**27,499**	**(12,531)**	**415**	**(15,455)**	**(28,401)**
Profit (loss) from discontinued operations	**16**	—	—	—	—	—
Profit (loss) from continuing operations	**(21,001)**	**27,499**	**(12,531)**	**415**	**(15,455)**	**(28,401)**
Income taxes, current, prepaid and deferred	17,743	3,750	13,108	9,998	10,960	14,070
Profit (loss) on exchange rate	(424)	(876)	1,529	(304)	(326)	1,507
Financial charges	69,681	43,568	56,509	39,630	59,203	76,082
Financial income	(1,055)	(2,773)	(2,282)	(1,310)	(3,028)	(3,999)
Dividends and net income/(loss) from sale of investments	(1,498)	478	(312)	(312)	(255)	(255)
Share of net profit of associates	(1,267)	(703)	24	(102)	(335)	461
Amortization/depreciation, write-downs and write-backs of assets	41,477	41,912	47,721	30,766	33,194	50,149
Accrual of provisions for risks and charges	5,471	13,505	14,964	11,248	1,743	5,459
EBITDA	**109,127**	**126,360**	**118,730**	**90,029**	**85,701**	**114,402**
Reorganization costs[(a)]	2,946	2,559	2,981	1,855	1,121	2,247
M&A and non-recurring transactions[(b)]	1,534	109	2,961	1,510	1,165	2,616
Non-recurring costs on foreign operations[(c)]	—	—	3,389	2,515	—	874
Other-non-recurring costs[(d)]	3,544	649	—	—	—	—
Non-recurring expenses	**8,024**	**3,316**	**9,331**	**5,879**	**2,286**	**5,738**
Adjusted EBITDA	**117,151**	**129,676**	**128,061**	**95,908**	**87,987**	**120,140**
Tax credit[(e)]	—	(27,700)	(17,702)	(18,216)	—	516
Normalized Adjusted EBITDA	**117,151**	**101,976**	**110,360**	**77,692**	**87,987**	**120,655**

(a) Costs related to restructuring the Group's structure and certain subsidiaries to enhance efficiency and strategic effectiveness.

(b) Costs associated with both current and past mergers and acquisitions, recorded on an accrual basis during the period, along with other non-recurring transactions.

(c) Costs incurred by the subsidiary in Saudi Arabia in connection with initiating an international arbitration proceeding, streamlining operations following the termination of the Metro Riyadh contract, and legal fees for ongoing litigation.

(d) Other non-recurring costs for the year ended December 31, 2021, include costs related to obtaining legal advice for subsidiaries outside of Italy, transactions with minority shareholders in controlled companies, fines associated with the FM4 Tender, costs incurred due to the COVID-19 pandemic, and expenses related to ongoing litigation with the Competition Authority (AGCM) and Consip S.p.A. For the year ended December 31, 2022, these costs include expenses related to the ongoing litigation with the Competition Authority (AGCM) and Consip S.p.A., as well as non-recurring tax charges.

(e) Tax credits granted under Italian Decree Law No. 21 of 2022 (Conversion Law No. 51 of May 20, 2022) to partially compensate for increased electricity and natural gas costs.

These adjustments indicated above are based on a number of assumptions made in reliance on the information available to us and management's judgments based on such information. As certain of these assumptions involve, among other things, legal proceedings which are still ongoing, extraordinary transactions, including acquisitions and restructuring, the final results of which cannot be certain, such adjustments imply a degree of uncertainty regarding future events and contingencies and are subject to a variety of significant business, economic and competitive risks and uncertainties. We cannot assure you that the information on which we have based our assumptions will not change. Furthermore, there may be additional costs incurred in connection with certain of the matters and initiatives described in the adjustments above which have not been included and may be substantially higher than our current estimates. In addition, adjustments to EBITDA and the underlying calculations therefrom have not been, and cannot be, audited, reviewed or verified by any independent accounting firm. Adjusted EBITDA and Normalized Adjusted EBITDA is included in this Offering Memorandum because we believe that they provide a useful indication of the Group's ability to generate cash; however, this information does not constitute a measure of financial performance under IFRS or any other auditing standard and you should not consider Adjusted EBITDA or Normalized Adjusted EBITDA as an alternative to net income or any other performance measure derived in accordance with IFRS or any other auditing standard or as a measure of our results of operations or liquidity. This information may not give an accurate or complete picture of our results of operations and may not be comparable to the other financial information included in this Offering Memorandum, and investors are cautioned against placing undue reliance thereon when making an investment decision.

(2) "EBITDA margin" is defined as EBITDA divided by total revenue, "Adjusted EBITDA margin" is defined as Adjusted EBITDA divided by total revenue and "Normalized Adjusted EBITDA margin" is defined as Normalized Adjusted EBITDA divided by total revenue.

(3) Gross Debt as Adjusted is defined as Gross Debt as adjusted for the Refinancing. The Issuer currently expects that, based on its financial needs and taking into account potential utilizations and repayments in the meantime, the Revolving Credit Facility will be drawn for an amount equal to approximately €15.0 million on or about the Issue Date. However, the actual amount of the Revolving Credit Facility drawn on or about the Issue Date may vary significantly from this estimate. Net Debt as Adjusted is defined as Gross Debt as Adjusted minus €34.9 million of pro forma cash and cash equivalents and €5.7 million of current financial assets. Net Senior Secured Debt as Adjusted is comprised of indebtedness that is secured by the Collateral which as of the Issue Date will consist of the Notes and €15.0 million under the Revolving Credit Facility minus €34.9 million of pro forma cash and cash equivalents and €5.7 million of current financial assets.

The following table sets forth our Gross Debt and Net Debt as of December 31, 2021, 2022 and 2023 and as of September 30, 2023 and 2024.

	As of December 31,			As of September 30,	
(thousands of €)	2021	2022	2023	2023	2024
Senior Secured Notes (nominal value)	370,000	370,000	370,000	370,000	370,000
2021 Revolving Credit Facility	—	—	—	—	15,000
Lease liabilities	44,107	48,956	41,697	49,475	43,107
Bank debts (nominal value)	1,104	838	37,152	49,101	12,789
Current bank overdraft, advance payments and hot money	6,140	15,293	27,549	28,949	37,218
Obligations arising assignments of receivables with recourse	23,270	11,806	18,183	20,378	15,421
Payables for reverse factoring liabilities	9,963	33,813	16,633	11,610	13,473
Gross Debt[(x)]	**454,584**	**480,706**	**511,214**	**529,513**	**507,008**
Cash and cash equivalents	(99,512)	(84,243)	(76,812)	(60,433)	(28,905)
Receivables and other current financial assets	(14,799)	(7,017)	(15,545)	(16,849)	(5,665)
Net Debt	**340,273**	**389,446**	**418,857**	**452,231**	**472,438**

(x) Gross Debt does not include:

- for the year ended December 31, 2021: (a) €15.3 million which was the fair value of the put option granted in favor of the minority shareholder of Rekeep Polska and Rekeep France, (b) €14.6 million which was the amount collected on behalf of assignees of trade receivables, (c) €7.0 million which was the amount of other financial debts, and (d) €3.5 million which was due to the amortized cost for interest accrued and unamortized transaction costs.
- for the year ended December 31, 2022: (a) €16.0 million which was the fair value of the put option granted in favor of the minority shareholder of Rekeep Polska and Rekeep France, (b) €28.5 million which was the amount collected on behalf of assignees of trade receivables, (c) €10.6 million which was the amount of other financial debts, and (d) €5.2 million which was due to the amortized cost for interest accrued and unamortized transaction costs;
- for the year ended December 31, 2023: (a) €19.5 million which was the fair value of the put option granted in favor of the minority shareholder of Rekeep Polska and Rekeep France, (b) €11.4 million which was the amount collected on behalf of assignees of trade receivables, (c) €4.3 million which was the amount of other financial debts, and (d) €6.9 million which was due to the amortized cost for interest accrued and unamortized transaction costs;
- for the nine months ended September 30, 2023: (a) €17.0 million which was the fair value of the put option granted in favor of the minority shareholder of Rekeep Polska and Rekeep France, (b) €15.8 million which was the amount collected on behalf of assignees of trade receivables, (c) €5.8 million which was the amount of other financial debts, and (d) €0.5 million which was due to the amortized cost for interest accrued and unamortized transaction costs;
- for the nine months ended September 30, 2024: (a) €38.7 million which is the fair value of the put option granted in favor of the minority shareholder of Rekeep Polska and Rekeep France ((x) the current fair value of the put option granted in favor of the minority shareholder of Rekeep Polska is equal to €36.7 million and is exercisable between December 31, 2027, and December 31, 2028 (based on management assumptions and our business plan as of September 2024, assuming an EBITDA of €36.9 million in 2027), and (y) the current fair value of the put option granted in favor of the minority shareholder of Rekeep France is equal to €2.0 million), (b) €21.3 million which is the amount collected on behalf of assignees of trade receivables, (c) €2.4 million which is the amount of other financial debts, and (d) €1.8 million which is due to the amortized cost for interest accrued and unamortized transaction costs.

See "*Management's discussion and analysis of financial condition and results of operations—Critical Accounting Policies*" and "*Risk Factors—Risks related to our business—We may face cash expenses in connection with the put option granted to Rekeep Polska's non-controlling shareholder.*"

(4) "Net operating working capital" is defined as the sum of our trade receivables and advances to suppliers, inventories, trade payables and advances from customers. Net operating working capital is not a recognized measure of financial performance or liquidity under IFRS and therefore no undue reliance should be placed on such data contained in this Offering Memorandum. See "*Presentation of financial information—Non-IFRS financial measures*" and "*Management's discussion and analysis of financial condition and results of operations—Liquidity and capital resources—Net working capital*."

(5) We define "Capital Expenditures" or "Industrial Capital Expenditures" as the amount of cash or other liquid assets invested by the Group to acquire property, plant and equipment, for property, plant and equipment under lease and other intangible assets. See "*Management's discussion and analysis of financial condition and results of operations—Capital Expenditures*."

(6) "*Pro forma* cash and cash equivalents" is defined as the sum of cash and cash equivalents of the Issuer after adjustments to give effect to (x) the Refinancing as of September 30, 2024, (y) approximately €25.0 million (net of taxes and costs) proceeds from settlement proceeds related to the Saudi dispute received on January 29, 2025 and (z) €7.5 million in proceeds related to the 5% stake sale in Starfire S.A. which closed in December 2024. See "*Summary—Recent Developments,*" "*Use of proceeds*" and "*Capitalization*." See "*Management's discussion and analysis of financial condition and results of operations—Contractual commitments and obligations*."

(7) "Current financial assets" as of September 30, 2024 refers primarily to cash owing to the Issuer from factoring counterparties following collection by them from customers who have made payment in dedicated accounts controlled by the factors. Such sums are generally paid to the Issuer by the factoring counterparty within 30 days of receipt of payment from the relevant customer.

(8) "*Pro forma* net interest expense" is defined as the interest expense on the Notes and other financial expenses in respect of other obligations of the Group for the twelve months ended September 30, 2024, as if the Refinancing had occurred on October 1, 2023, based upon the interest rate of the Notes. This estimate reflects the issuance of €360.0 million in aggregate principal amount of Notes issued at 97.50% and carrying an interest rate of 9.00%. Pro forma net interest expense excludes interest expenses relating to the put option granted in favor of the minority shareholder of Rekeep Polska and Rekeep France including related exchange rate movements and charges allocated to debt issuance costs. Pro forma net interest expense is presented for illustrative purposes only and does not purport to represent what our interest expense would have actually been had the Refinancing occurred on the date assumed, nor does it

purport to project our interest expense for any future period of our financial condition at any future date. The foregoing may differ from the manner in which consolidated interest expense is defined in accordance with the Indenture. See "*Description of the Notes—Certain definitions." See also "Presentation of financial information—Non IFRS financial measures*."

Summary other financial and operational data

(millions of €, except percentage)	For the year ended December 31,			As of and for the nine months ended September 30,	
	2021	2022	2023	2023	2024
Backlog[1]	2,950	3,058	3,105	2,788	2,686
Pipeline[2]	1,272	1,090	1,023	0,900	1,449
Win rate[3]	34.6%	36.6%	35.1%	36.2%	31.2%

(1) "Backlog" refers to services and projects for which we have signed contracts and in respect of which we have received binding commitments from customers or other operations within our subsidiaries on a consolidated basis. Backlog projects are associated with service contracts in both our Facility Management Segment and our Laundering and Sterilization Segment. We have adopted the following criteria for including contracts in our backlog: (i) we include the present value of the estimated revenue on the reference date that we expect to receive during the life of the contract; (ii) in case of project companies, we include the percentage of revenue payable to the Group pursuant to the contract, but we do not include revenue from contracts entered into by non-consolidated entities and (iii) we include only expected revenue for services or projects that are required by the applicable contract. See also "*Risk factors—Risks related to our business—Our backlog is subject to unexpected adjustments and service contract terminations and is, therefore, an uncertain indicator of future earnings*" and "*Business—Backlog.*"

(2) "Pipeline" refers to the overall value of public tenders for which the Group has submitted a proposal and is still waiting for the relevant outcome. In case the Group can be awarded only certain lots of a multi-lot tender for which it has submitted an offer for its entirety, pipeline includes only those lots that can be awarded to the Group. Pipeline represents an opportunity to add to our backlog upon winning the relevant public tender and executing the relevant contract and is therefore inherently subject to numerous risks and uncertainties including failure to win the relevant public tender and/or modification of its scope and/or cancellation.

(3) "Win rate" refers to the ratio between the number of tenders awarded to the Group in a specific period on the numbers of all awarded tenders in which the Group has participated (i.e. tenders that were awarded to the Group and the tenders that were awarded to third parties) in the same period. In case of multi-lot tenders, (i) we considered each lot as a separate tender and (ii) if the Group can be awarded only certain (but not all) lots but it has submitted an offer for all the lots, the number of all awarded tenders in which the Group has participated on which basis the win rate is calculated includes only those lots which were winnable by us.

RISK FACTORS

An investment in the Notes is subject to a number of risks. Prospective investors should consider carefully the risks described below and the other information contained in this Offering Memorandum prior to making any investment decision with respect to the Notes. Each of the risks discussed below could have a material adverse effect on our business, financial condition, results of operations or prospects which, in turn, could have a material adverse effect on the principal amount and interest which investors will receive in respect of the Notes. In addition, each of the risks discussed below could adversely affect the trading or the trading price of the Notes or the rights of investors under the Notes and, as a result, investors could lose some or all of their investment.

Prospective investors should note that the risks described below may not be the only risks we face. We have described only those risks that we currently consider to be material and there may be additional risks and uncertainties not presently known to us, or that we currently consider immaterial, that might also have a material adverse effect on our business, financial condition or results of operations.

This Offering Memorandum also contains forward-looking statements that involve risks and uncertainties. Our actual results may differ materially from those anticipated in these forward-looking statements as a result of various factors, including the risks described below and elsewhere in this Offering Memorandum.

Risks related to our business

Unfavorable economic conditions and geopolitical risks globally and in the countries where we operate have had, and in the future could have, an adverse effect on our results of operations and financial condition.

Our business, financial condition and results of operations have been, and in the future will continue to be, affected by general economic conditions as well as geopolitical events in some or all of the geographies in which we operate. The global demand for our services is affected by several factors, including general economic conditions, credit availability and market expectations. Cost cutting measures during economic downturns or recessionary periods may result, for example, in decreased demand for our services. Unfavorable economic conditions and any issues relating to energy costs, global logistic conditions, further political and economic instability, trade wars and escalating geopolitical tensions in the countries where we operate or globally could also have a material adverse effect on our business, results of operations and financial condition.

Despite an improvement in global economic conditions following the sharp global economic downturn in 2020 resulting from the COVID-19 pandemic, the outlook for the global economy remains uncertain. Certain markets, including Europe, may not achieve forecasted growth rates or maintain the level of growth achieved historically. Such uncertainty has been exacerbated by the global turmoil resulting from the ongoing conflict between Russia and Ukraine, which has resulted in severe political, social and economic consequences in the countries directly involved in the conflict as well as more broadly in the European Union, the United States, the United Kingdom and other countries.

In addition, in early October 2023, Hamas and Israel began an armed conflict. Although Hamas and Israel have recently agreed a ceasefire, the final outcome and consequences of the Hamas-Israeli military conflict remain highly unpredictable. Tensions resulting from other conflicts, such as the ongoing armed conflicts in the Middle East, the geopolitical tensions between China, Russia and the United States and the China-Taiwan dispute have adversely affected and could continue to negatively affect international economic conditions. Even though we do not have any particular direct risks in these geographies related to either customers or suppliers, their escalation may still have an impact on our business due to sharp fluctuations in energy prices, increased logistic costs resulting from the conflicts on transportation infrastructures and trade routes and heightened risks of cyberattacks.

The material increases in the rate of inflation in many major economies from 2022 through 2024, driven, in part, by the conflict between Russia and Ukraine and the resulting impact on energy markets, forced the U.S. Federal Reserve, the European Central Bank and other central banks to significantly increase interest rates. If inflation and interest rates remain high, economic growth may be negatively impacted. Our clients may need to implement cost-cutting measures and lower our margins, which in turn may adversely affect our business, operations and financial performance. See "*—Our business is exposed to fluctuations in costs related to energy and other transportation inputs and other commodity prices*," "*—The majority of our revenue is derived from contracts with PSEs and healthcare customers, and we are exposed to risks connected with delayed payments from PSEs and healthcare customers*" and "*—An increase in DSOs and other factors may negatively affect our working capital and lead us to experience liquidity constraints.*"

Furthermore, the potential trade policies of the United States could pose additional risks to the global and European economy. These trade policies, such as the imposition of tariffs on imports from outside the United States, such as on European goods, could undermine the competitiveness of goods from the affected exporting countries. The targeted countries may answer with similar measures, and result in trade wars, potentially triggering an economic recession or heightened inflation. Such developments could in turn adversely affect our business environment and financial performance.

We may be adversely affected by unfavorable economic conditions and political uncertainty in Italy, Poland, France, Saudi Arabia and Turkey.

For the twelve months ended September 30, 2024, 78.4% of our total revenue was generated in Italy. As a result, macroeconomic and political conditions, market trends and customer demand in Italy impact our results of operations. A downturn in the Italian economy, potentially intensified by the ongoing military conflict between Russia and Ukraine or a continuing inflation, could adversely impact the macroeconomic conditions and the creditworthiness of our clients and counterparties. These conditions may result in delayed customer payments, reduced consumer spending, and diminished demand for our services, thereby negatively affecting our operational results.

Prolonged political instability in Italy, marked by frequent changes in executive leadership and difficulties in forming stable governments, further complicates our business environment. Political instability could materially affect Italy's economic performance, credit rating and public finances, potentially leading to decreased demand for our services and operational challenges. The current government's ability to address growth impediments, such as the sovereign debt-to-GDP ratio, decline in legacy industrial sectors such as the automotive sector, and lack of productivity gains, remains uncertain. Government actions may exacerbate economic uncertainty potentially leading to recessionary conditions that could affect the decisions of our customers, primarily Italian PSEs or healthcare clients, to contract for facility management services. Adverse economic and political events in Italy could therefore impact our revenue and profit levels.

In addition to Italy, we have operations in Poland, France, Saudi Arabia and Turkey and adverse economic and political events in these countries may impact our revenue and profit levels. For the twelve months ended September 30, 2024, 21.6% of our total revenue was generated outside of Italy. While we are affected by economic conditions in these countries generally, we are particularly affected by economic and political uncertainties in Poland, where we generated 18.4% of our revenues for the twelve months ended September 30, 2024.

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

In the twelve months ended September 30, 2024, we generated 82.6% of our revenue from PSEs and healthcare customers (which mainly belong to the public sector). Projects involving governments or governmental agencies carry various risks inherent in the government contracting process, including the following:

- government entities typically fund contract payments through appropriated monies. Although these contracts are often planned and executed over the course of various years, PSEs usually reserve the right to change the scope of, or terminate, these contracts for lack of approved funding and/or at their convenience;

- changes in government or political developments, including budget deficits, shortfalls or uncertainties, government spending reductions or other debt constraints could result in our contracts being reduced in price or scope or terminated altogether, which also could limit our recovery of incurred costs, reimbursable expenses and profits on work completed prior to the termination;

- terms and conditions of contracts with PSEs tend to be more onerous than other contracts and may include, among other things, extensive rights of audit, more punitive service-level penalties and other restrictive covenants;

- contractual non-compliance (including improper billing), failure to comply with procurement, public tender and government contracts regulations and regulation regarding the protection of classified information and other improper or illegal activities may result in various civil and criminal penalties and administrative sanctions, fines and suspensions or debarment from doing business with the government, in addition to other typical remedies for breach of contract, which may include termination of the relevant contracts, forfeiture of profits and suspension of payments. In addition, as a result of any of the abovementioned events, we may be subject to our TJA partners, consortium partners and subcontractors terminating the relevant relationships with us and/or claiming damages arising from such events;

- under general principles of Italian law, companies may face bans from contracting with PSEs or the termination of existing contracts if, *inter alia*, contracting authorities determine that the company no longer maintains an adequate level of reliability. Such determination is made on a case-by-case basis, in accordance with Italian legal principles and within established legal limits, also due to an implicit fiduciary relationship with PSEs. Such bans may also arise from failures to provide required information during tender processes as well as from early contract terminations due to serious breaches, from antitrust violations or from certain serious breaches by the relevant Group companies of contracts with the relevant sub-contractors. Depending on the nature of the alleged misconduct, these bans may occur by operation of law or based on the assessment of the PSEs. Moreover, we may be subject to our TJA partners, consortium partners and subcontractors terminating the relevant relationships with us and/or claiming damages for improper and illegal activities;

- we may be required, pursuant to an extension regime, to continue to perform certain expired contracts with PSEs for which the relevant PSEs have not yet launched new tenders for contract renewal or awarded the relevant new contracts. The authorities may investigate these extensions in order to assess whether (i) the necessary extension formalities have been completed and/or (ii) the circumstance under which we performed under the extension regime is permitted by law. We may be required to forfeit amounts that prove not to be due and to stop performing under the relevant contracts and may be subject to sanctions and fines;

- contracts with PSEs are often subject to more extensive scrutiny, including oversight by the Italian National Anti-Corruption Authority (*Autorità Nazionale Anticorruzione*) ("**ANAC**"), the regulatory authority overseeing the compliance with the public procurement rules. For instance, on May 7, 2024, the Italian Tax Police (*guardia di finanza*), acting under the instructions of ANAC, started an investigation to verify if a contract awarded by the Avezzano – Sulmona Health Agency to CMF Consorzio Stabile was being properly carried out. In particular, this investigation focuses on whether Avezzano – Sulmona Health Agency is correctly overseeing CMF Consorzio Stabile to ensure that the latter is fulfilling its contractual duties;

- government contracts are also exposed to greater publicity than other contracts meaning any negative publicity related to such contracts, regardless of the accuracy of such publicity, may adversely affect our business and reputation;

- participation in government contracts could subject us to stricter regulatory requirements, which may increase our cost of compliance;

- political and economic factors, such as pending elections, the outcome of recent elections, changes in leadership among key executive or legislative decision-makers, revisions to governmental tax or other fiscal policies, reduced tax revenues, changes in case law and scholarly guidance with respect to the laws and regulations applicable to our business, can affect the number and terms of new government contracts signed or the speed at which new contracts are signed, decrease future levels of spending and authorizations for programs that we bid for, shift spending priorities to programs in areas for which we do not provide services and/or lead to changes in enforcement or how compliance with relevant rules or laws is assessed;

- government contracts may involve multiple parties in the delivery of services and require greater project management efforts on our part, and any failure in this regard may adversely impact our performance and reputation;

- 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;

- our involvement in competitive tenders, entry into contracts with public sector clients or receipt of advances or payments is generally contingent upon providing bank guarantees and/or surety bonds (including bid, advance payment, performance or guarantee bonds), which we could be challenging to obtain. See also "—*We may be unable to obtain the surety bonds, securities or guarantees that are required for certain public tenders or contracts with our private customers, and due to our failure to comply with the applicable rules or to perform our obligations, counterparties may enforce the bonds we have posted and we currently are in litigation regarding enforcement actions in respect of certain performance and bid bonds*";

- litigation or disputes with government and public entities (as the law may be applied in light of relevant case law and commentaries) may lead to us being banned, on a case-by-case basis, from contracting with other government and public entities or participating in public tenders, which would have both an economic and a reputational impact on us;

- the public tenders awarded to us by governmental entities may be subject to challenges from third-party competitors; and
- public sector-related customers sometimes follow payment management processes that are subject to review by other government authorities or other entities, which may cause delays or adjustments to their own payment schedule.

If one or more of the foregoing risks were to materialize, they could have, individually or in the aggregate, a material adverse effect on our business, results of operation and financial condition.

The majority of our revenue is derived from contracts with PSEs and healthcare customers, and we are exposed to risks connected with delayed payments from PSEs and healthcare customers.

The majority of our customers are PSEs or healthcare customers (which for our classification purposes mainly belong to the public sector) which collectively accounted for 82.6% of our total revenue for the twelve months ended September 30, 2024. Our work with PSEs and healthcare customers exposes the Group to credit risks and delays in trade receivables. Obtaining timely payments from our customers, particularly from our PSE and healthcare customers, may be difficult. While we closely monitor timely payment of our trade receivables, a customer may become unable or unwilling to pay its balance on time due to, among other reasons, an economic weakness in its industry or the financial insolvency of its business or a general deterioration of the global economy, such as during the COVID-19 pandemic. Our DSOs as of and for the years ended December 31, 2021, 2022 and 2023 and as of and for the nine months ended September 30, 2024 were 154 days, 167 days, 161 days and 160 days, respectively. Net of trade receivables sold pursuant to our factoring programs, our DSOs as of and for the years ended December 31, 2021, 2022 and 2023 and as of and for the nine months ended September 30, 2024 stood at 133 days, 140 days, 143 days and 145 days, respectively. Total trade receivables (including trade receivables sold pursuant to our factoring facilities and advances to suppliers) at such dates were equal to €443.3 million, €537.2 million, €513.7 million and €549.3 million, respectively.

Although we review the credit risk related to our customers regularly, we cannot guarantee that our credit risk reviews and other internal controls will be sufficient to prevent an increase in bad debts and impairment of receivables. Our allowance for doubtful accounts was €20.2 million as of September 30, 2024, representing 3.6% of our total trade receivables for the same period, but we may incur other expenses in connection with our outstanding trade receivables that could render our provisions insufficient. The amount of our allowance for doubtful accounts is based on our assessment of historical collection trends, business and economic conditions and other collection indicators. We can give no assurance that doubtful accounts associated with delinquent payments or non-payment by our customers will not increase, which could have a material adverse effect on our business, financial condition and results of operations.

In connection with our contractual obligations to our healthcare customers, PSE, and other clients, we must make payments to our employees, sub-contractors and suppliers for labor, supplies and equipment; we must make such payments even if our PSEs and healthcare customers have not yet paid us for services already rendered, which adversely affects our working capital. This together with increases in average payment delays may make it necessary for us to resort to additional financing on more onerous terms, which could have a material adverse effect on our business, financial condition and results of operations. More generally, delays in payments by our largest customers, requests for modifications to their contractual payment arrangements or defaults on their payment obligations to us could adversely impact our business, financial condition and results of operations. See "*—The COVID-19 pandemic has impacted our operations, and any future virus outbreak or other pandemics could impact our business, financial condition and results of operations*" "*Business—Customers and contracts—PSEs and healthcare customers*" and "*Management's discussion and analysis of financial condition and results of operations—Principal factors affecting our results of operations—Trade receivables and payables*."

An increase in DSOs and other factors may negatively affect our working capital and lead us to experience liquidity constraints.

In order to limit difficulties in promptly collecting payments contractually due to us, we have historically financed our working capital partially through bank loans, the issuance of debt securities, cash from operations and by selling trade receivables on both a recourse and non-recourse basis through factoring transactions. We use recourse and non-recourse factoring to manage our working capital. Our factoring facilities normally provide that the factor may cancel its commitments in case of, among others, certain events of default. In addition, under our recourse factoring facility, the factor may cancel or reduce its commitments, or terminate the agreement, at any time by written notice to the Issuer. See "*Description of certain financing arrangements—Factoring facilities*."

More generally, a number of developments outside of our control may make it difficult for us to finance our working capital requirements. Our DSOs as of and for the years ended December 31, 2021, 2022 and 2023 and as of and for the nine months ended September 30, 2024 were 154 days, 167 days, 161 days and 160 days, respectively. Net of trade receivables sold pursuant to our factoring programs, our DSOs as of and for the years ended December 31, 2021, 2022 and 2023 and as of and for the nine months ended September 30, 2024 stood at 133 days, 140 days, 143 days and 145 days, respectively. Notwithstanding a generally stable trend in our DSOs, if a reduction or delay in our revenue collection occurs, or if we incur significant unexpected costs in relation to cash collateral requirements from our energy suppliers or new business and/or we hire additional employees, or if we are required to pay sanctions or fines in connection with legal proceedings or if our performance or bid bonds are enforced following a breach of our undertakings under our contractual arrangements or the applicable public tender rules (including in connection with or as a consequence of certain of our pending legal proceedings), we may experience liquidity constraints. In addition, the extended lag between our payment obligations to suppliers, particularly energy providers, and the delayed payments from our public sector clients may strain our cash flow and liquidity, and impact our financial position, especially in the event of an energy crisis. See "*—Our business is exposed to fluctuations in costs related to energy and other transportation inputs and other commodity prices*" and "*—The majority of our revenue is derived from contracts with PSEs and healthcare customers, and we are exposed to risks connected with delayed payments from PSEs and healthcare customers.*"

There can be no assurance that our existing or future factoring facilities would be available or sufficient, together with any amounts available under our Revolving Credit Facility, to satisfy our working capital requirements or that we will be able to generate sufficient cash from operations, or secure new factoring facilities or other sources of financing on financial terms acceptable to us or at all. We have increasingly relied on reverse factoring lines, credit lines for bank overdraft advance payments, and hot money to manage our liquidity requirements. While factoring provides immediate access to cash by converting receivables and reverse factoring allow our suppliers to be paid earlier, such financings result in higher funding costs due to elevated interest rates and associated fees. This increase in financial expenses may adversely affect our profitability and financial flexibility. Our dependence on these short-term financing options is also subject to the availability of these facilities, which can be influenced by market conditions and the creditworthiness of our receivables. Any deterioration in these factors could restrict our access to such instruments and intensify liquidity pressures. In such circumstances, we may need to seek alternative financing sources, which, to the extent available, could be more costly or less favorable, potentially impacting our business operations and financial condition.

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 adverse consequences deriving therefrom.

Following certain proceedings before the Italian Competition Authority ("**ICA**"), CONSIP terminated a contract awarded to us in the context of a public tender for public schools' cleaning services (the "**CONSIP School Framework Agreement**"). In 2017, we appealed this termination before the Civil Court of Rome, which rejected our claim on May 30, 2022. We have since appealed this decision to the Civil Court of Appeal of Rome and are currently awaiting a ruling. To date, CONSIP has not enforced the performance bonds (amounting to approximately €24.5 million) posted by us in connection with the awarding of the CONSIP School Framework Agreement, but CONSIP may proceed with the partial enforcement if we lose the appeal brought before the Civil Court of Appeal of Rome. As of September 30, 2024, we recorded provisions for risks and charges of €17.5 million taking into account, *inter alia*, the risk of the possible enforcement of these performance bonds.

In addition, we are involved in litigation concerning damages allegedly suffered as a result of the anti-competitive practices being litigated in the above-mentioned ICA proceedings. In particular, our competitors Romeo Gestioni S.p.A. and Blackstone FD Consorzio Stabile filed a claim for damages against us (and other players), which the Civil Court of Rome dismissed on March 1, 2023, ordering the plaintiffs to compensate us for our litigation costs. This decision is under appeal, with the next hearing set for March 17, 2025. Additionally, on October 19, 2023, our competitors SOFEIN S.p.A. and Exitone S.p.A. filed a similar claim before the Civil Court of Rome, with a final hearing scheduled for September 29, 2026.

On July 28, 2020, the insurance company providing our bid bond guarantee for the "public hospital cleaning" tender awarded by CONSIP also filed a lawsuit against us. The insurer sought either a payment of approximately €10.0 million, equivalent to the bid bond, or an order toward us to post a guarantee of the same amount in its favor. On November 27, 2023, the first-instance Civil Court partially upheld the insurer's claims, ordering us to post the requested guarantee and imposing on us a penalty of €500 for each day of delay in fulfilling such order beyond thirty days from the decision's notification. We did not fulfill this order and appealed this decision on April 19, 2024, while the insurer filed a cross-appeal seeking the €10.0 million payment. The Court of Appeal

denied our request to suspend the first-instance judgment and scheduled a hearing for March 4, 2025. Such hearing has been later postponed by the Court to July 8, 2025. We believe that the decision the Council of State will issue following the March 6, 2025 hearing mentioned above may positively influence this proceeding. On October 31, 2024, the insurer demanded payment of approximately €155,000 for accrued penalties, which we paid on November 8, 2024.

In connection with the above-mentioned ICA proceedings, in 2017, CONSIP notified us of the Issuer's exclusion from new tenders for "barracks cleaning" and "public hospital cleaning" (the "**Excluded Tenders**") and sought to enforce the bid bond related to the "public hospital cleaning" tender. We challenged these decisions in court. The Italian Supreme Court (*Corte di Cassazione*) upheld our exclusion from the Excluded Tenders in December 2021. Subsequently, CONSIP sought to enforce the bid bond for the "barracks cleaning" tender. We contested these enforcement requests, and the administrative courts initially suspended the proceedings. The case was pending before the Council of State, awaiting a decision from the European Court of Justice on related legal issues prejudicial to our case. In September 2024, the European Court of Justice ruled, on a similar case, that a national law providing for automatic forfeiture of a bidder's bid bond upon its exclusion from a public procurement process contravenes EU law principles. Following this, the Council of State resumed proceedings in October 2024 and scheduled the next hearing for March 6, 2025.

An adverse ruling under any of the proceedings described above, as well as any potential new claim initiated by our other competitors for damages allegedly suffered in connection with the alleged antitrust breaches relating to the CONSIP School Framework Agreement, would likely have a material adverse effect on our business, reputation, financial condition and results of operation and could adversely affect our ability to pay interest on the Notes or to repay the Notes at maturity or otherwise refinance the Notes.

We are exposed to risks associated with litigation involving our shareholders.

The parent company of our group, MSC, is currently involved in legal proceedings initiated by certain minority shareholders representing approximately 11% of its share capital. The plaintiffs have alleged, under article 2409 of the Italian civil code, management irregularities, including, *inter alia*, inadequate organizational structures, which they claim have adversely affected MSC's financial standing, credit rating and caused increased borrowing costs. While the court has not granted the plaintiffs' requests to revoke MSC's directors and statutory auditors or to appoint a court-appointed director, it has ordered an accounting expert to assess MSC's debt situation and financial strategies. This analysis, which began in September 2024, is ongoing and currently expected to conclude by the end of July 2025. See "*—Our operations could be adversely affected if we are unable to retain key employees and/or key members of our management.*"

The outcome of these legal proceedings and the expert analysis could materially impact MSC's governance and financial condition. Adverse findings may lead to changes in our directors, auditors and managers, increased scrutiny from creditors, and potential challenges in accessing financing options. Moreover, even if no adverse findings are made, the allegations or claims could harm the Group's reputation and could otherwise adversely impact its operations. Finally, these legal proceedings, along with other potential legal proceedings involving MSC, could distract our sole shareholder from the management and coordination activities of our Group. Any of these developments could affect our operations, our ability to execute our business strategy and meet our financial obligations. See also "*—Risks related to our capital structure—The interests of our shareholder may be inconsistent with the interests of the holders of the Notes and we may enter into related party transactions.*"

We may not be able to win new contracts, including competitively awarded contracts, and the contracts we win may not yield the expected results.

Public tender laws require that PSE and healthcare customer contracts for services such as those provided by our Group be put to competitive tender upon expiration, and automatic renewal clauses are prohibited. As a result, we must constantly win new contracts to defend our market share, sustain growth and such new contracts may be subject to competitive bidding. Moreover, Italian national, regional and municipal-level governments have increasingly relied upon multi-year contracts with pre-established terms and conditions. The increased competition may require us to make sustained efforts to reduce costs in order to realize revenue and profits under such PSE and healthcare customer contracts. If we are not successful in reducing the amount of costs we incur, our profitability on PSE and healthcare customer contracts will be negatively impacted. For private sector customers, the decision by an existing or potential customer to outsource services is dependent upon, among other things, its perception regarding the price and quality of such outsourced services and performance by us or other operators of services that have been outsourced in the past.

We may be unable to continue to win competitively awarded and other new contracts. In addition, we may spend significant time and incur costs in order to prepare a bid or proposal, or participate in a bidding process, at the end of which we may not be retained. This risk is generally more material in connection with large tenders launched by centralized purchasing agencies (such as CONSIP), in view of the fact that the time and costs associated with preparing our bids and participating in the related bidding processes are normally greater compared to smaller or local tenders. Accordingly, the impact on our business related to the negative outcome of centralized tenders would generally be more significant given the lost opportunities with limited alternatives compared to the negative outcome of smaller or local tenders. Even if we are awarded a contract, it may not yield the expected results, in particular if we are unable to successfully calculate prices, control costs and manage day-to-day operations. For example, the timetable and/or cost structure may differ from prior estimates as both depend on a wide range of parameters, some of which are difficult to forecast, such as increased payroll costs resulting from unfavorable changes in labor and employments laws or regulations, which can lead to execution difficulties and cost overruns that we may not be able to pass on to our customers. Our inability to accurately predict the actual cost of providing our services could result in a decrease in our margins or even losses under these contracts. For instance, we may be unable to pass on the costs of future inflation spikes, particularly if caused by an energy crisis. Additionally, if the national bargaining agreements predominantly applied within our Group are renegotiated, resulting in increased employees costs, we could face significant cost escalations and margin compression.

Lastly, market trends and external factors may also affect our ability to win new contracts. For example, from 2021 to 2022 we experienced a reduction in the number and volume of tenders we participated in, as well as in our pipeline, due, *inter alia*, to structural changes such as the introduction of a new Italian Public Tender Code, which requires more time to review requirements and issue tenders, more stringent regulations and an increase in administrative disputes.

An inability to win PSE and healthcare customer contracts during public tenders or as a result of the policies pursuant to which these tenders are implemented, and any of the risks identified above, could have a material adverse effect on our business, financial condition and results of operations.

Our business could be adversely affected by the central role of centralized purchasing agencies in public procurement with regards to setting economic terms for our services or by ongoing initiatives to reform decentralization in Italy.

In the past few years, the Italian market of tenders for facilities management services has shifted from a fragmented approach, with local public administrations, municipalities and other local healthcare services providers launching local tenders to satisfy their individual facilities management requirements, to a more integrated approach, whereby centralized purchasing agencies consolidate the purchasing function of the individual public administrations through the execution of framework agreements. This trend has led to fewer but larger public tenders.

In connection with these larger tenders, we may spend significant time and incur significant costs in order to prepare bids or proposals or participate in the relevant bidding process, at the end of which we may not be retained. Consequently, the risk of not winning public tenders, including as a result of a ban triggered by past ascertained and/or alleged infringements impairing the fiduciary relationship with the relevant purchasing agency, is generally more material in connection with large tenders launched by centralized purchasing agencies and the impact on our business related to the negative outcome of centralized tenders would generally be more significant compared to the negative outcome of smaller or local tenders.

Centralized purchasing agencies act on behalf of many PSEs and healthcare customers and manage public tenders for certain services provided to PSEs and healthcare customers (including facility management). Upon signing a framework contract with any such centralized purchasing agencies, the provider agrees to accept orders from PSEs and healthcare customers in a certain geographic region of up to the maximum amount established by such agreement and at the prices and terms and conditions thereof. To set up tender rules and launch a tender for framework contracts, centralized purchasing agencies utilize reference prices established by the ANAC to set the criteria for pricing public tenders for certain goods and services between PSEs/ healthcare customers and service providers such as our Group, which most PSEs are required to follow. In connection with the spending review discussed under "*—PSE and healthcare customers may curtail their reliance on our services due to political and administrative decisions or budgetary constraints, or they may otherwise revise their outsourcing and/or procurement policy in a manner adverse to our interests*," CONSIP prices for particular service offerings (including frequency of maintenance or intervention) serve as market benchmarks, in that PSEs and healthcare customers may consider to terminate non-CONSIP contracts that are more expensive than the CONSIP ones. CONSIP and ANAC therefore exert significant influence in setting the economic terms for our services.

Centralized contracting activity may further increase price pressure and adversely impact our ability to grow or maintain our margins, and the increasing centralization of funds and increase in size and corresponding reduction in number of tenders means that the loss of individual tenders and the limited number, if any, of alternatives may limit our ability to secure additional sources of business and revenue. All factors described above could have a material adverse effect on our business, financial condition and results of operations. See "*—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 adverse consequences deriving therefrom,*" "*—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*" and "*Business—Regulation*."

PSE and healthcare customers may curtail their reliance on our services due to political and administrative decisions or budgetary constraints, or they may otherwise revise their outsourcing and/or procurement policy in a manner adverse to our interests.

PSEs and healthcare customers are important customer segments for us. For the twelve months ended September 30, 2024, PSEs and healthcare customers represented 82.6% of our total revenue. Our business arrangements with PSEs and healthcare customers may be affected by a number of political and administrative decisions concerning reductions in levels of public spending that may occur in connection with the current focus in Italy and other European countries on reducing national and local government budget deficits.

In addition, public tender laws may be revised or PSEs and healthcare customers may change their outsourcing and/or procurement policies in a manner that is adverse to our interests, for example by adopting new public tender or contracting laws or regulations, such as cost accounting standards, or by substantially increasing the performance bond or other security required to be deposited during the course of the contract. Tenders we win that are subject to such new policies, rules or regulations could be less profitable. If we are required to post larger performance bonds or securities with PSEs and healthcare customers in order to compete in public tenders, our working capital may be adversely affected, causing us to increase our indebtedness and divert our financial resources away from other pursuits, including debt servicing. Lawmakers could also adopt new contracting methods intended to achieve certain social or other policy objectives, for example, through restricting participation in public tenders to small and medium-sized businesses or requiring us to form temporary joint associations with cooperative organizations or other third parties which may reduce the tenders in which we are eligible to participate or choose to participate. PSEs and healthcare customers may also face restrictions from new legislation or regulations, as well as pressure from employees and their unions, on the nature and amount of services that they may obtain from private contractors such as our Group.

Any of the above could impair our ability to obtain new contracts or contracts under which we currently perform when those contracts are up for renewal bids. Any new contracting methods could be costly or administratively difficult for us to implement, and as a result, could harm our operating results. A realignment of funds with changed priorities of certain PSEs or healthcare customers, including "re-insourcing" of previously contracted support services, and the realignment of funds to other discretionary programs may reduce the amount of funds available for facility management-related contracts. The occurrence of any such changes could have a material adverse effect on our business, financial condition and results of operations.

If major customers terminate their service contracts with us prior to the end of the relevant contractual term, or select another provider following expiration of such contracts or otherwise renew such contracts on less favorable terms, and/or if we are unable to establish new customer relationships, our business, financial condition and results of operations could be adversely affected.

We perform the majority of our work for customers under contracts with a fixed term and with termination clauses permitting the customer to terminate the contract at the customer's discretion upon an agreed notice period. While we strive to maintain long-standing ties with our customers, usually backed by long-term contracts (having an average duration of two to five years), there can be no assurance that our customers will not exercise their rights to terminate their contracts prior to expiration or reduce the scope of our services under these contracts or that we will be successful in seeking compensation under applicable laws for terminated contracts (if applicable), or that we will be able to negotiate new contracts with customers to replace terminated contracts.

In case of termination of contracts at the discretion of PSEs or healthcare customers, applicable laws may limit the damages for which we are eligible. Contract terminations or dissatisfaction with our services may also damage our reputation and make it more difficult for us to obtain similar contracts with other customers, as well as lead

to our exclusion, on a case-by-case basis, from future tenders. For the year ended December 31, 2023, our top forty customers accounted for 45% of our total revenue. The termination of a contract by a single key client of ours or the failure to fully renew existing arrangements with key clients (including through a dedicated new tender procedure, if applicable), or the renewal on less favorable terms of contracts, could result in the loss of some or all our business with key customers or harm our reputation. We may also not be able to quickly and efficiently redeploy personnel, facilities or equipment that are currently dedicated to servicing such customers' assets.

Moreover, certain contracts entered into by us with some of our customers may be terminated in the event of breach by us of any of the provisions of our organizational model adopted pursuant to LD 231 and/or our Ethics Code (*Codice Etico*), as well as in the event of loss of requirements set forth by applicable laws and regulations or by awarding rules and in case of criminal proceedings involving one or more members of our corporate bodies or key employees.

If any of our contracts with major customers are either terminated, not renewed or renewed on less favorable terms, such termination, non-renewal or renewal on less favorable terms could materially and adversely affect our Group's business, financial condition and results of operations.

Most PSE and healthcare customer contracts may be terminated by the contracting entity either at its discretion or upon the default of the contractor.

In the case of the termination of a contract by a PSE or healthcare customer at its discretion, we would be able to recover costs incurred or committed, settlement expenses, and profit on work completed prior to termination. In most cases, we would also be able to recover lost profit pursuant to Article 1671 of the Italian Civil Code, except when such principle is derogated under the applicable contracts provisions as, for example, in our contracts entered into with CONSIP, which could prevent us from recognizing all of our potential revenue and profits from such contracts. See also "*—Our business could be adversely affected by the central role of centralized purchasing agencies in public procurement with regards to setting economic terms for our services or by ongoing initiatives to reform decentralization in Italy*" and "*—PSE and healthcare customers may curtail their reliance on our services due to political and administrative decisions or budgetary constraints, or they may otherwise revise their outsourcing and/or procurement policy in a manner adverse to our interests*."

In the case of the termination of a contract by a PSE or healthcare customer as a result of a breach by us, we could be liable for excess costs incurred by the PSE or healthcare customer in obtaining services from another source and the PSE or healthcare customer could decide to enforce the guarantees and/or surety bonds we are normally required to post in order to participate in competitive tenders, enter into contracts with customers or receive advances or payments from them during the outsourced service arrangement. In addition, termination of a contract by a PSE or healthcare customer as a result of a breach by us may form the basis of the decision of the same or a different tendering authority—on a case by case basis and in its discretion—to exclude the Issuer from such tender. See "*—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 adverse consequences deriving therefrom*" and "*—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.*" The occurrence of any such event might lead to a significant cash outflow, which could have a material adverse effect on our business, financial condition and results of operations.

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

We are exposed to commodity risks related to fluctuations in the price of fuels, electricity and the cost of certain materials, such as cotton linens. Energy costs are affected by various factors, including the availability of supplies of particular sources of energy, energy prices and regulatory decisions. In particular, prices for oil, gas and electricity have been volatile in recent years and have soared recently as a result of various economic and geo-political factors, including, particularly, the conflict between Russia and Ukraine. Energy suppliers may also demand accelerated payments or cash collateral, especially during an energy crisis, further exacerbating liquidity challenges and potentially impacting our financial stability and operational capacity. *See "–Unfavorable economic conditions and geopolitical risks globally and in the countries where we operate have had, and in the future could have, an adverse effect on our results of operations and financial condition.*"

Our revenues from both the Facility Management Segment and the Laundering and Sterilization Segment are affected by fluctuations in energy and transportation costs, with the latter having a more significant impact on the Laundering and Sterilization Segment. Most of our Energy Management contracts include price adjustment clauses (see "*Business—Our Services—Facility Management—Energy Management*"). For other contracts, there are no such automatic price adjustment clauses. Although the applicable regulatory framework may allow for price adjustments under certain restricted circumstances, these are not automatic and require additional negotiations. In some instances, we have had to pursue legal action against certain clients to secure these increases. Competitive market conditions in our industry and contractual and other arrangements with certain of our clients may also sometimes limit our ability to pass the increased input costs through to our customers promptly or completely.

As a result of the increase in natural gas prices at the end of 2022, gas suppliers in Italy requested their customers to make a deposit to protect themselves from the risk of delinquent accounts. Although these deposits have been released to us given the stabilization of gas prices, there can be no assurance that our gas suppliers will not require us to post new deposits in the future. During the same period of increased gas prices, the Italian government granted certain tax credits to non-energy and non-gas-consuming companies to compensate for the increase in the energy costs. These subsidies amounted to €27.7 million and €17.7 million for the years ended December 31, 2022, and 2023, respectively. As the Italian government ceased the aids and did not grant tax credits for 2024, this led to increased costs to operate our business and adversely affected our profitability in 2024. Additionally, in the case of future energy price increases, government support and tax credits may not be available to offset such future energy prices increases and this may adversely affect our profitability.

Higher employment costs may have a material adverse effect on our business, financial condition and results of operations.

Labor costs have increased steadily in our business over the past several years, *inter alia*, as a result of inflation and renegotiations of the applicable collective bargaining agreements. Our labor costs may rise faster than expected in the future as a result of increased workforce activism, government measures and changes in social and pension contribution rules meant to reduce government budget deficits or to increase welfare benefits to employees.

We may not manage to offset the increase in labor costs through productivity gains. If employment costs increase further, our operating costs will increase. If we cannot recover these costs from other initiatives or offset them through productivity gains or other measures, this could have a material adverse effect on our business, financial condition and results of operations. See also "*—Our ability to manage our labor costs is primarily dependent upon provisions of the collective bargaining agreement applicable to cleaning and facility management that allow the transfer of employees to and from the Group upon the awarding or loss of a contract for cleaning and/or facility management, as applicable.*"

We may not accurately estimate the costs of, or execute within budget, our fixed-price contracts.

Some of our contracts in the Energy Management business are cost-based, meaning that increased commodity costs are passed through to the customer via recharging mechanisms and the vast majority of our contracts in this business are commodity-indexed, which means that all or a percentage of the revenues are linked to cost dynamics, using indices like ARERA and ISTAT to track commodity costs. For other contracts, there are no such automatic price adjustment clauses. While recent regulatory developments have expanded the possibility to adjust the contract price, our ability to adjust the price and pass on costs and price increases to our customers is generally severely restricted due to the applicable regulatory framework and the fixed-price nature of those contracts. See also "*Business— Regulation*."

Therefore, if the cost estimates made at the time of a bid prove to be inaccurate or if our costs rise due to unfavorable economic conditions, our business, financial position and results of operations could be materially adversely affected.

We may be unable to execute bolt-on acquisitions or to integrate new, or divest existing, businesses successfully.

We may continue to expand our business, including through (i) selective bolt-on acquisitions in Italy and in certain international markets, such as in Poland, (ii) start-up initiatives in new sectors that are complementary to our core activities and (iii) discontinuation or divestment of non-strategic units of our business. Acquisitions, start-up initiatives and divestments, in addition to our organic growth, may strain our management and financial resources.

Among the risks associated with our growth strategy, which could materially adversely affect our business, results of operations and financial condition, are the following:

- we may incur substantial costs, delays or other operational, cultural or financial problems in completing the acquisition, integrating and developing new businesses;
- management's attention may be diverted from the operation of existing businesses;
- we may not be able to retain or provide key personnel or customer contacts for new businesses;
- we may encounter unanticipated events, circumstances or legal liabilities related to new businesses; and
- we may not achieve anticipated synergies or other expected benefits from new businesses.

Any of these risks could significantly disrupt our ability to manage our business and materially and adversely affect our business, financial condition, results of operations and cash flow.

Any future discontinuation of operations or divestment of assets may not ultimately improve our financial condition or result in returns which were previously anticipated.

In the case of acquisitions, even if we are successful in acquiring new businesses, the integration of such businesses may prove to be more difficult than we initially anticipated and could create unforeseen operating difficulties and expenditures. In addition, there can be no assurance that, following integration with our Group, an acquired operation will maintain its customer base consistent with expectations or generate the expected margins or cash flows. Similarly, if we fail to control start-up costs, or do not accurately estimate their amount when pricing our services, we may experience significant losses or otherwise not generate the expected return from the investment made. The assessment of any potential acquisition targets and start-up initiatives is subject to a number of assumptions concerning profitability, growth, interest rates and company valuations and there can be no assurance that our assessment of, and assumptions regarding, acquisition candidates and start-up initiatives will prove to be correct. Actual developments may differ significantly from our expectations.

Acquisitions also pose certain other risks, for example, difficulties or delays in consolidating operations and achieving anticipated synergies, cost savings, revenues and cash flow enhancements, growth, operational efficiencies and other benefits, diversion of managerial resources away from our day-to-day business operations, overpayment for the acquired business, potentially dilutive issuances of equity securities to the extent that we issue new shares to fund an acquisition and the assumption of unexpected liabilities and undisclosed risks. Furthermore, acquisitions of companies and start-up initiatives expose the Group to the risk of unforeseen obligations with respect to employees, customers, suppliers and subcontractors of the new businesses, to public authorities or to other parties. Such obligations may have a material adverse effect on our business, results of operations or financial condition.

We may also have to pay cash, incur further debt, or issue further securities to pay for an acquisition and for start-up costs, any of which could adversely affect our results of operations in the future. The incurrence of further indebtedness could result in increased obligations and include covenants or other restrictions that restrict our operational ability, which could also adversely affect our business, results of operations or financial condition.

We subcontract a portion of our customer services to third parties, and we are subject to various risks and liabilities if such subcontractors do not provide the subcontracted services or provide them in a manner that does not meet required service levels.

We currently, and may in the future, subcontract certain business services to one or more third parties or partner with third parties in TJAs to jointly deliver services. Under the terms of our contracts with our customers we are required to provide such subcontracted services and may be liable for the actions and omissions of such subcontractors. In the event our subcontractor fails to provide the subcontracted services in compliance with required services levels, or otherwise breaches its obligations (including those set forth under applicable laws and regulations), or discontinues its business, whether as the result of bankruptcy, insolvency or otherwise, we are jointly and severally liable pursuant to Italian law with our subcontractors and we may be required to provide such services at a higher cost to us, due to, among others, any costs of replacement of the original subcontractor and may otherwise be liable for various costs, expenses and damages related to such event. For example, one of our clients has recently maintained that certain maintenance activities carried out by one of our subcontractors

allegedly caused certain oil leakages on the ground. *See "–We are exposed to risks associated with our environmental responsibilities.*" Any of these events may damage our reputation and otherwise result in a material adverse effect upon our business and financial condition. Any failure of TJA partners/subcontractors to meet their contractual obligations could harm our ability to deliver solutions under our integrated facility management contracts or our reputation, result in customer losses and financial liabilities, and trigger our joint and several liability in case of enforcement of the relevant performance bonds that we provided to our customers, any of which could have a material adverse effect on our business, results of operations and financial condition. See also "—*We may be deemed liable for damages caused by our TJA partners, consortium partners and subcontractors and have responsibilities towards their employees*," "*Business–Legal Proceedings.*"

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

In carrying out our activities, we partner with third parties in TJAs and consortia such as through Consorzio Stabile CMF, a 99% owned subsidiary established to compete for public tenders, and we subcontract certain services to third-party companies. Reliance on TJA partners, consortium partners and/or subcontractors reduces our ability to directly control the workforce and the quality of the services provided. Accordingly, we are exposed to risks relating to managing TJA partners, consortium partners and subcontractors, including the risk that they may fail to meet agreed quality benchmarks or to generally comply with applicable legislative or regulatory requirements.

In case of default by a TJA partner, consortium partner or subcontractor, we may be deemed jointly liable for any damages suffered by the customer as a consequence of such default, especially when such TJA partner, consortium partner or subcontractor renders services as an input to services provided in conjunction with the Group. In particular, according to the Italian Public Tender Laws, a consortium organized as a permanent consortium (*consorzio stabile*) is jointly and severally liable for actions and omissions of one of its members. Consorzio Stabile CMF is a consortium formed by several Group companies, which own 99% of the consortium, and additionally by a third-party which owns the remaining 1% participation. Moreover, TJA partners are each liable to the customer and our subcontracts usually provide for an indemnity from the subcontractor to cover our costs in case of such a claim as well as the assignment of claims and other provisions regarding the enforcement of the contract; however, we cannot assure you that customers or courts will agree and will not impose sanctions on us or prevent us from participating in future public tenders.

Under Italian law, contractors (and concession holders) have responsibilities towards the contracting authorities (and concession-granting authority) with respect to the conduct and quality of work of such concession contractors (and holder's subcontractors) and the actions of the subcontractor's employees. The law recognizes, *inter alia*, the following duties of the contractor (and concession holder) and imposes joint and several responsibility for any resultant breach thereof: to maintain a safe work environment, to supervise the quality of the subcontractors' work product and to monitor and cause the subcontractors to pay salary, severance indemnity, social security and tax payments to the subcontractor's employees for the duration of the subcontract and for two years after its expiration. In particular, the contractor and the subcontractor must provide the contracting entity with a copy of the payment of tax, social security and pension deductions. If any required evidence is missing, the contracting entity shall suspend all payments to the contractor and subcontractor and inform the relevant tax authority of the breach. In addition, the contractor and the sub-contractor are required to provide the public authority with the social security clearance contribution certificate ("**DURC**") in order to be paid the fees for the services rendered under the relevant contract. If the DURC is missing, the contracting entity is required to refrain from making the relevant payments.

In addition, if our clients terminate a contract or ask the judicial authorities to declare it void due to actions or breaches by our TJA or consortium partners, we may have to return any payments received pursuant to such contracts and we might not be able to recover the costs and losses incurred by us. As a result, our business, results of operations and financial condition could be adversely affected. See "*Business—Legal Proceedings—ASP Palermo Litigation*."

Breaches by our partners may lead to complex litigation proceedings, where we would become a party as a result of the joint and several responsibility mechanism mentioned above. See "*Business—Legal Proceedings*." If we are found liable for damages caused by our TJA partners, consortium partners and subcontractors, our business, results of operations and financial condition could be adversely affected. For example, on March 19, 2013, a fire in the former Olivetti area at Scarmagno (Turin) led to the destruction of the building and the goods contained therein. We were performing integrated facility services for Prelios SGR S.p.A. (owner of the building) in such area. Three of our employees, the owner and two employees of one of our subcontractors and the owner of the firm that stocked combustible material on site were charged with arson and violations of safety regulations that

allegedly caused the fire before the Criminal Court of Ivrea. The Issuer is involved as the civilly liable party in the criminal proceeding. The claims for damages brought in the context of this criminal proceeding amount to approximately €4.5 million (plus any additional damages that may be claimed and substantiated during the proceeding). 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 the first-instance decision. In April 2023, one of the plaintiffs who sought damages compensation in the context of the criminal proceeding reiterated their request against the Issuer, from a civil liability perspective. As of the date of this Offering Memorandum, this party has not initiated any formal civil litigation proceedings aimed at obtaining compensation from us. See "*Business—Legal Proceedings—Prelios SGR S.p.A.—Scarmagno Fire—Criminal Proceeding*."

On April 5, 2024, one of our employees died following a fall that occurred while carrying out an inspection on a building in the Municipality of Venice. At this stage, neither we nor any of our employees, managers and/or legal representatives have been involved in any pending criminal investigations or proceedings in connection with this matter.

Our success depends in part on our ability to provide responsive customer service and quality of service delivery.

We are an outsourced service provider and our success, whether it may be maintaining long-term customer relationships, winning contracts with existing customers or beginning new customer relationships, depends in part on our ability to provide responsive customer service and quality of service delivery. In addition, the part of our business associated with long-term relationships is generally more profitable than that associated with short-term relationships because we generally incur start-up costs under new contracts. Once these costs are expensed or fully depreciated over the appropriate periods, the underlying contracts become more profitable. As such, loss of our long-term customers could have an adverse impact on our profitability even if we generate equivalent revenue from new customers. For example, the loss of a key customer in Saudi Arabia has led to a decline in our revenues in that region.

We cannot assure you that we will be successful in our customer care and quality of service delivery in the future, and if either deteriorates, our business, financial condition and results of operations may be adversely affected. See *"—The further expansion of our business outside of Italy may present risks.*"

We operate in highly competitive industries, and if we do not compete effectively, we may lose market share or be unable to maintain or increase prices for our services.

We operate primarily in the cleaning, catering, energy management and maintenance markets, and we believe these markets are highly competitive and dynamic. With respect to services with low barriers to entry, such as traditional cleaning services, we also face competition from smaller competitors operating at local levels, many of whom have a strong local market presence and local customer relationships.An intensification in the level of competition in the sectors in which our Group is active could, in the future, affect our performance and cause an erosion in our market share and therefore, our financial condition and results of operations.

In addition, as an outsourced services provider, we face significant competition with the in-house capabilities of certain of our customers, especially large private sector customers. The decision to opt for an outsourced provider of facility management or other outsourced services that we provide (*e.g*., personnel and assets) is often based on the circumstances and strategic plans of that particular customer/potential customer which we cannot necessarily influence with our value propositions. In addition, certain customers may decide to create a captive facility management operator. If large private sector customers were to "re-insource" the services that they have heretofore contracted to us, our business, financial condition and results of operations could suffer.

Certain of our competitors have significantly greater financial resources and broader geographic coverage than we do.

We compete with a variety of national and international facility management and laundering and sterilization players. Certain of our competitors have significantly greater financial resources and broader geographic coverage than we do, because they are part of publicly traded or other international groups, such as Dussman, Engie Italia S.p.A. and Siram S.p.A. (controlled by Veolia Environnement), with substantial cash flows from other business lines and deep access to the debt and equity capital markets as well as with a wider range of operations in many countries, including in Poland, Turkey, France and Saudi Arabia where we compete with subsidiaries or branches of the same or other multinational groups as well as local incumbents.

As we currently count among our customers many Italian subsidiaries or branches of multinational groups, there is a risk that such customers elect to outsource all their facility management needs to one provider with pan-European and/or international capabilities, and in such circumstance, our competitive position could be affected which could adversely impact our business, financial condition and results of operations. In addition, certain of our large competitors have sophisticated management, are in a position to purchase supplies at the lowest prices and have the ability to advertise in a wide variety of media. These advantages may allow our competitors to offer products and services (such as pan-European integrated facility management contracts to multinational groups) that we do not and cannot offer or offer lower prices to such customers.

There can be no assurance these players will not leverage their financial resources and international platforms to capture more market share in Italy or the countries in which we operate which could have a material adverse effect on our business, financial condition and results of operations. See "*Industry—The Facility Management and Laundering & Sterilization Markets*."

We may be unable to obtain the surety bonds, securities or guarantees that are required for certain public tenders or contracts with our private customers, and due to our failure to comply with the applicable rules or to perform our obligations, counterparties may enforce the bonds we have posted and we currently are in litigation regarding enforcement actions in respect of certain performance and bid bonds.

In the ordinary course of our business, we are required to provide customers with bank guarantees and/or surety bonds (including bid, advance payment, performance or guarantee bonds) in order to be able to participate in competitive tenders, enter into contracts with customers or receive advances or payments from them during the outsourced service arrangement. Our ability to obtain such performance bonds, bid bonds and guarantees from banks and/or insurance companies depends on several factors, including such institutions' assessment of our Group's overall financial condition, and in particular of the financial condition of the individual Group company concerned, of the risks of the service to be provided, and of the experience and competitive positioning of any of the companies in our Group in the sector in which it operates, as well as such company's financial and reputational track record, including in terms of previous enforcement of performance bonds and guarantees. If we are unable to obtain new bonds and guarantees, if we renegotiate existing bonds and guarantees on less favorable economic terms or if we default on our obligations and are required to pay relevant penalties, our ability to obtain new orders or enter into new contracts could be impaired or become significantly more costly, which could have a material adverse effect on our business, financial condition and results of operations.

Our PSE and healthcare customer contracts and certain of our private sector contracts often require performance bonds, primarily to guarantee our performance thereunder. Performance bonds may be enforced in case of termination of the relevant contracts by our counterparties, including as a result of us failing to perform our obligations and/or to meet or maintain the requirements set forth by the applicable laws and regulations. As of September 30, 2024, the Group (including associates and investments in project companies) had performance bonds outstanding in the aggregate amount of €340.0 million, out of a total of €411.8 million corresponding to the entire amount of our off-balance sheet guarantees and insurance bonds. Bid bonds may be enforced as a result of us being excluded from participating in a tender procedure, including as a result of false statement declarations and/or us failing to enter into contracts awarded to us for any reasons attributable to us. Performance bonds, bid bonds and penalties present an ongoing potential for substantial cash outflows.

In addition, some of these bonds and guarantees include cross-default provisions which could be triggered if we are in default under other bonds and guarantees and, as a result, could significantly intensify the negative effect of a default under these instruments. If our customers were to enforce the bonds we were required to post at the time of the relevant contract or tender, we could be subject to material payment obligations which could individually or in the aggregate have a material adverse effect on our business, results of operations and financial condition.

As of the date of this Offering Memorandum, we are engaged in proceedings regarding the enforcement of our bid bonds pursuant to the Excluded Tenders, and the museums cleaning proceeding for an amount equal to €16.6 million, and our bid bonds provided in connection with the CONSIP FM4 Tender Exclusion for an amount equal to €3.9 million. See "*—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 adverse consequences deriving therefrom*," "*—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*," "*Business—*

Legal proceedings—FM4 Tender Litigation and other proceedings arising therefrom" and "*Business—Legal Proceedings—Pending Legal Proceedings arising from the CONSIP School Contracts Litigation.*"

To obtain the new contracts on which our future business performance depends, we must dedicate time and financial resources to complex competitive tender procedures with uncertain outcomes.

A substantial portion of our revenue is directly or indirectly derived from contracts for large-scale outsourced service arrangements. To secure these contracts, we must make a significant commitment of resources, in terms of both man-hours and financial resources, to bidding in a complex and competitive tender process with lengthy award procedures. It is generally very difficult to predict whether and when we will be awarded such contracts because of the complexity of the bidding and selection process. This process is affected by a number of factors, such as market conditions, financing arrangements and governmental approvals. If, after the competitive tender process, we do not succeed in being awarded the contracts for new outsourced service arrangements, we could fail to increase, or even maintain, our market share, revenue and net income, which may have a material adverse effect on our business, financial condition and results of operations.

Our backlog is subject to unexpected adjustments and service contract terminations and is, therefore, an uncertain indicator of future earnings.

As of September 30, 2024, our backlog totaled €2,686 million. Our definition of backlog may not necessarily be the same as that used by other companies engaged in activities similar to ours. As a result, the amount of our backlog may not be comparable to the backlog reported by such other companies.

We cannot be certain that our backlog will generate the expected revenue or cash flows or generate them when we expect. Unforeseen events or circumstances, including, for example, termination or scaling down of service contracts, increased time requirements to complete the work, delays in commencing work, disruption of work, litigation associated with amounts included in our backlog, resulting in the termination of such contracts or exclusion of our ability to perform them, or other unforeseen events (such as those discussed in these "*Risk Factors*") may affect projects in the backlog and could negatively impact our results of operation and financial position. Any administrative liability for the Issuer under LD, 231, for example, could give rise to the right of certain of our PSE counterparties (as well as private counterparties, if specifically provided for under the relevant contracts) to terminate existing contracts, which could reduce our backlog.

Our customers may have the right under certain circumstances or with certain penalties or consequences, to cancel, reduce or defer firm orders that we include in our backlog, including, by way of example, if the competent administrative courts upheld claims brought by our competitors to challenge the award to us of a contract pursuant to a public tender in those specific cases in which we are allowed to begin performing under the contract (and therefore generate revenues) despite such claim remaining pending. If our customers cancel, reduce or defer firm orders, we may be protected from certain costs and losses, but our revenue will nevertheless be adversely affected. Although we strive to maintain ongoing relationships with our customers, there is an ongoing risk that orders may be canceled, reduced or rescheduled due to fluctuations in our customers' business needs or purchasing budgets, especially with respect to PSEs and healthcare customers which represented approximately 94% of our total backlog as of September 30, 2024. In addition, our realization of sales from new and existing programs is inherently subject to a number of important risks and uncertainties, including whether our customers execute the launch of new facilities or initiatives on time, or at all, the number of buildings that our customers actually commission or maintain and the timing of insourcing decisions made by our customers. Moreover, our backlog includes the percentage of revenue we estimate will accrue for the Group by virtue of our participation in TJAs which can be affected by defaults by our TJA partners or claims by subcontractors thereof as discussed under "—*We may be deemed liable for damages caused by our TJA partners, consortium partners and subcontractors and have responsibilities towards their employees.*" There can be no assurance that the revenue projected in our backlog will be realized or, if realized, will result in profits.

Because of contract terminations or suspensions and changes in contract scope and schedule, we cannot predict with certainty when, or if, our backlog will be actualized. We can provide no assurance that we will not receive additional terminations, and, even where a contract proceeds as scheduled, it is possible that the customer may default and fail to pay amounts owed to us. To the extent we are unable to realize the pipeline of revenue associated with contracts in our backlog due to material delays, terminations or payment defaults, our business, financial condition and results of operations could be adversely affected.

Moreover, in the event of the sale of part of our assets or entities, we will lose any associated backlog tied to contracts related to those assets or entities. Such sale could materially impact our future revenue streams and operational forecasts, potentially affecting our financial condition and results of operations.

The sterilization of laundry and surgical instruments and certain other services we provide carry liability risks.

Our Laundering and Sterilization Segment exposes us to risks relating to the sterilization of laundry and surgical instruments, which involve the preparation of sterile instrument sets for use in surgery rooms. In the event of any accidents or defects in the sterilization process, we could be liable to our customers or to third parties (including the patients) and could face subsequent claims for damages. In addition, we provide a variety of services such as providing, installing and maintaining fire safety and prevention equipment and systems and maintaining and refueling boilers powered by heating fuel which if performed negligently could lead to injury or property damage. If we fail to meet applicable regulatory or safety standards causing harm to individuals or entities, including, for example, through contamination of food products produced at the facilities that we clean, the outbreak of illness within the hospitals that we service, or fire accidents due to failure to comply with applicable regulatory standards, we could face substantial civil liabilities. Although we have civil liability insurance policies to cover, among other things, the risks associated with the sterilization of linen and instruments, we could be liable for damages not covered by these policies or could be required to pay amounts exceeding the amount of such insurance cover, which could have a material adverse effect our business, financial condition and results of operations.In addition, our reputation could be harmed by any actual or alleged failure to meet applicable cleanliness or safety standards. Any publicity relating to incidents of this kind could have a material adverse effect on our reputation and therefore, our business, results of operations and financial condition.

The COVID-19 pandemic impacted our operations, and any future virus outbreak or other pandemics could impact our business, financial condition and results of operations.

The global outbreak of COVID-19 adversely affected the economies and financial markets of many countries and regions in which we operate and from which we derive a significant amount of our revenue, including Europe and the Middle East. Government measures aimed at containing the virus, decreased customer spending and uncertainty due to extended lockdowns led to an economic downturn in our markets, disrupted our supply chains and had a direct impact on our operations globally. Between 2020 and 2021, although the nationwide lockdowns were gradually lifted, severe social distancing restrictions, travel restrictions, stay-at-home directives and work-from-home arrangements were imposed at various times.

The COVID-19 pandemic had a significant impact on our business and operations, including an increased requirement to invest in protective and other safety equipment for our employees, transition to a remote work environment in the general operation of our headquarters and making certain other operational changes to the ways in which we work.

There can be no assurance that COVID-19 or any future outbreak of another virus or other contagious disease will not have a material adverse effect on our business and results of operations in the future. Although we perform services that are considered essential to the Italian economy and that are subject to less severe limitations, including those under our contracts with public authorities and healthcare customers, new waves of COVID-19 or other pandemics and any government measures in relation thereto may limit the ability of our customers to pay on time for work performed under our existing contracts or may reduce additional work that is optional under the relevant contract. Certain customers may curtail their outsourcing to us, be less likely to renew contracts as they expire, terminate their existing contracts or postpone or ultimately cancel future planned orders and contracts, seek discounts or longer payment terms or any combination of the foregoing. We may therefore experience a material adverse impact as a result of a pandemic and any government measures in relation thereto.

We are exposed to risks associated with our environmental responsibilities.

The environmental and energy requirements applicable to the facility services industry, including those mandated by law, by customers and by unions, are becoming increasingly stringent. To the extent that we are unable to pass the costs of compliance with stricter environmental requirements and taxes on to our customers, our margins may decline, which could have a material adverse effect on our business, results of operations and financial condition.

In particular, Servizi Ospedalieri and other subsidiaries of the Group (including H2H Facility Solutions) operate within a sector which is particularly exposed to environmental risks raised by the possible water pollution stemming from wastewater discarded from laundering and sterilization processes. The Group has civil liability insurance policies to cover, among other things, the environmental risks relating to this sector. We could, however,

be liable for damages not covered by these policies or be required to pay amounts exceeding the level of such insurance cover in relation to environmental damages, which could have a material adverse effect on our business, financial condition and results of operations.

For example, in June 2024 H2H Facility Solutions received a writ of summons (*atto di citazione*) from one of its clients, seeking compensation for damages caused by a diesel spill at one of its client's premises located in Fonti di Pescaia (Siena). H2H Facility Solutions was involved in this case because it was awarded with a contract for maintenance and cleaning services at such premises. The spill occurred on October 29, 2020 and was allegedly due to the actions of one of H2H Facility Solutions's subcontractors. H2H Facility Solutions's client estimates the amount of damages to be around €4.4 million. The first hearing on the merits is scheduled for November 27, 2024. On September 13, 2024, the relevant judge authorized H2H Facility Solutions's request to join its subcontractor and H2H Facility Solutions's insurance company to the proceeding to indemnify H2H Facility Solutions. During the proceeding, H2H Facility Solutions's insurance company claimed that no coverage is provided under the relevant agreement with H2H Facility Solutions for this claim and the related potential liability. In January 2025, the relevant judge authorized H2H Facility Solutions's request to join also to the proceeding also other two insurance companies required to cover a portion of H2H Facility Solutions's liability under the insurance policy. The next hearing is scheduled on May 22, 2025. As a result of the spill, H2H Facility Solutions incurred over €800,000 in immediate expenses to secure the area and has filed a lawsuit against its subcontractor for damages. The relevant first-instance Civil Court set the next hearing for the discovery phase (*istruttoria*) for February 20, 2025.

We also operate a number of properties at which industrial activities or activities involving the daily handling of hazardous materials take place. To carry out such activities, we may be required to obtain and comply with permits, approvals, licenses and certificates from the respective government authorities of each jurisdiction in which we operate, particularly in relation to health, safety (including the security of our facilities) and environmental regulations. The process of obtaining and renewing necessary permits can be lengthy and complex. In addition, such permits or approvals may be subject to denial, revocation or modification under various circumstances. Failure to obtain or comply with the conditions of permits or approvals, or failure to comply with applicable laws or regulations, may result in the delay or temporary suspension of our operations and sales and may subject us to penalties and other sanctions.

In the past, we operated additional laundry facilities and facilities at which cleaning equipment and materials were utilized, each of which involved the daily use and handling of hazardous materials. The possible presence of pollution on properties currently or formerly rented or operated by us, as well as the possible polluting or dangerous emissions arising from the systems and plants that we currently or formerly operated, may also result in claims for remediation or other claims related to such pollution, including claims of property damage or personal injury, which could have a material adverse impact on our results of operations. Failure to comply with applicable laws and regulations, and in particular, environmental offenses under LD 231 may also affect us. See "*Business—Regulation*," "*—We may incur liabilities or be excluded from contracting with public authorities for the actions of our employees, managers or agents*" and "*—We are subject to extensive regulatory requirements*."

In addition, our Facility Management Segment is subject to energy efficiency laws, especially Law Decree No. 192/2005 and Presidential Decree No. 74/2013, and subsequent implementing legislation, which require the reduction of energy consumption in buildings and energy audits. If efforts to address climate change or further reduce energy consumption result in increasingly stringent laws and requirements – such us, for example, the recently enacted Directive (EU) 2024/1275 on the energy performance of buildings – and to the extent that we are unable to pass the costs of compliance on to our customers, our margins may decline, which could have a material adverse effect on our business, financial condition and results of operations. Moreover, our Facility Management Segment is subject to strict operational requirements, including obligations to perform the related activities in compliance with applicable protocols and technical provisions. Failure to comply with these obligations may ultimately result in regulatory sanctions, including operational bans.

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.

We may be accused of anti-competitive practices. Any such claims could adversely affect our reputation and potentially result in fines, which pursuant to the applicable regulations, are calculated as a percentage of the tender value, with the percentage being determined by the type of offence. In addition, anticompetitive practices may lead to temporary exclusions from future tenders by the public contracting authorities, whether at the initiative of

the public authority or as a consequence of lawsuits brought by our competitors. Moreover, anti-competitive practices allegedly committed by us in the context of public tender procedures and established by the competent authorities may trigger court and/or out-of-court actions by our competitors in these tender procedures claiming damages allegedly suffered in connection with the alleged breaches. See "—*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 adverse consequences deriving therefrom*" and "*Business—Legal Proceedings—Pending Legal Proceedings arising from the CONSIP School Contracts Litigation*." Any such fines or exclusions together with any legal proceedings could have an impact on our business, financial condition and results of operations. As of September 30, 2024, our provisions for litigation risks (including tax litigation) amounted to €26.9 million.

For instance, following proceedings initiated by the ICA in connection with alleged anti-competitive practices related to a public tender for cleaning and maintenance services for PSEs (the "**FM4 Tender**"), we have received a fine, later reduced to €79.8 million by the ICA, pursuant to an order from the relevant judicial authorities (TAR Lazio). In this regard, we reached an agreement with the Italian Revenue Agency (*Agenzia delle Entrate*) to pay the said fine in 62 installments. As of the date of this Offering Memorandum, the outstanding portion amounts to approximately to €39.9 million plus additional costs and interest.

We pursued a series of legal appeals against the said ICA decision, challenging both the merits and the disproportionate quantification of the fine.

The litigation proceedings relating to the merits of our challenge have been definitively closed, while, as to the proceedings relating to the quantification of the above-mentioned fine, which we claim to be disproportionate, our appeal remains pending before the Council of State.

On June 28, 2019, we were notified by CONSIP of our exclusion from the FM4 Tender due to alleged gross negligence (*errore grave commesso nell'esercizio dell'attività professionale*) in the breach of antitrust rules and failure to provide reliable information in connection with the alleged antitrust infringement during the tender process ("**FM4 Tender Exclusion**"). CONSIP also sought to enforce our bid bond of €3.9 million related to this tender. We challenged this exclusion and the bid bond enforcement before the Administrative Court of Lazio (TAR Lazio), seeking annulment and suspension of the enforcement as precautionary measures. TAR Lazio initially suspended the enforcement of the bid bond but upheld our exclusion from the FM4 Tender. In July 2022, TAR Lazio, with a partial ruling, confirmed the lawfulness of our exclusion but deferred judgment on the bid bond enforcement pending a Constitutional Court review, which ultimately rejected the challenge of constitutional illegitimacy. In November 2022, in a final ruling, TAR Lazio dismissed our appeal, prompting us to seek suspension of enforcement from the Council of State. The Council granted the suspension and scheduled a hearing on the merits, which was postponed pending a decision from the European Court of Justice regarding bonds' enforcement in other proceedings. The Council of State has now scheduled a hearing for March 6, 2025. Earlier, on November 9, 2022, we appealed the above partial ruling by TAR Lazio, which upheld our exclusion from the FM4 Tender. The initial hearing before the Council of State was scheduled for March 9, 2023, but has been postponed to March 6, 2025. We are currently awaiting the Council of State's final decision on both the abovementioned appeals.

While recent regulatory developments and new case law by the Council of State suggests otherwise, the above-mentioned fine imposed by the ICA could lead to us being excluded, on a case by case basis and upon a discretional assessment, by public contracting authorities arranging the relevant tender or upon a decision of an administrative court following a claim by competitors seeking to block our participation in a tender. In 2020, we were notified by CONSIP of our exclusion from a tender for museums cleaning and the enforcement of our associated bid bond. We contested this decision before the Administrative Court of Lazio (*TAR Lazio*), which rejected our appeal. We then appealed to the Council of State, which, after a suspension pending a Constitutional Court review similar to the FM4 proceeding, upheld CONSIP's decision to exclude us and enforce the bid bond. We have filed a further challenge (*impugnazione per revocazione*) before the Council of State, which granted a temporary suspension of the bid bond enforcement on March 24, 2023. The next hearing is scheduled for March 6, 2025.

Following the Issuer's exclusion from the FM4 Tender by CONSIP, ANAC initiated proceedings against the Issuer, alleging that we provided false statements in the FM4 Tender process. We challenged ANAC's decision to start such proceedings before the Administrative Court of Lazio (*TAR Lazio*) on November 4, 2019. Meanwhile, ANAC suspended its proceedings pending our appeals against the said fine imposed by the ICA and the FM4 Tender Exclusion. On November 5, 2024, TAR Lazio declared our challenge inadmissible, as ANAC's initial action was considered merely a preliminary step of the proceeding (*atto endoprocedimentale*) and not detrimental in itself.

Should ANAC resume such proceeding and in case ANAC concludes that we did provide false statements in the FM4 Tender process, this may result in several significant impacts, including the Issuer's exclusion from current tenders that are ongoing at the date of the adoption of the relevant ANAC decision (and this may have related effects on the bid bonds posted in relation thereto) and ban from participating in future public tenders. Such exclusion/ban cannot exceed one year starting from the date on which the relevant ANAC decision becomes effective, according to the applicable rules. Such exclusion/ban would be general and automatic, irrespective of the sector (*i.e.*, not only in respect of the cleaning sector) and of the public tendering authorities (*i.e.*, not only in respect of tenders issued by CONSIP) and would not operate on a case-by-case basis. Such a negative ANAC decision could be challenged by the Issuer before the TAR Lazio and the Council of State (in its capacity of Supreme Administrative Court). However, the effectiveness of such ANAC decision and the resulting exclusion/ban from participating in the relevant public tenders would be effective even in the event of challenge, unless the relevant court (as mentioned above, either the TAR Lazio or the Council of State) were to enjoin immediately the enforcement pending review. In addition, we can provide no assurance that PSEs will not seek to disqualify other Group companies (or consortia to which the Issuer is a party, including Consorzio Stabile CMF) from current and future public tenders or anyway prevent them from entering into contracts based on ongoing public tenders (and this may have related effects on the bid bonds posted in relation thereto) or challenge contracts forming part of our backlog (including with respect to performance bonds posted in relation thereto). In addition, we cannot exclude that an adverse outcome of such ANAC proceeding could result in potential adverse decisions by private clients opting not to engage in business with us.

Since the FM4 Tender was not awarded to the Issuer, the FM4 Tender has not generated any revenue for our portfolio, nor has it been included in our backlog. Moreover, although no such instance has occurred to date, one or more of our competitors that participated in the FM4 Tender may bring court and/or out-of-court actions against us claiming damages supposedly suffered in connection with the alleged breaches established by the ICA in the future. See "*—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*" and "*Business—Legal Proceedings—Pending Legal Proceedings arising from the CONSIP School Contracts Litigation*."

As of September 30, 2024, we recorded provisions for risks and charges of €17.5 million taking into account, *inter alia*, the risk of the possible enforcement of the bid bonds mentioned above provided in connection with the FM4 Tender as well as with CONSIP tender for museums cleaning.

We are subject to extensive regulatory requirements.

We operate in sectors characterized by specific and detailed laws and regulations which are constantly changing, including laws and regulations with respect to public tenders, employment and the environment, some of which have been explained in more detail under this "*Risk factors*" section. Several of our activities may also be subject to EU and Italian laws as well as specific regulatory or professional body stipulations or licensing requirements. For example, we furnish fire safety equipment and we must comply with new fire code legislation and best practices. Failure to comply with applicable regulations could result in substantial fines, claims relating to violations of social and working environment legislation or revocation or suspension of authorizations, concessions and/or licenses.

In addition, certain provisions of the Italian Public Tender Laws require compliance with certain morality requirements to participate in public tenders as discussed under "*—We may incur liabilities or be excluded from contracting with public authorities for the actions of our employees, managers or agents*" related to, *inter alia*, fraud, bribery and corruption, bid rigging (*turbativa d'asta*) environmental and labor law violations (including failure to pay applicable labor law taxes and social security contribution), antitrust infringements, false statements to a public contracting authority and crimes against the person or workplace safety violations.

Similarly, the provisions of LD 231 may also affect us. Failure to comply with such rules as well as failure to comply with other requirements set forth in the public tender regulation (including, *inter alia*, conflict of interest with public contracting authorities or with our competitors, breach of PSE contractual obligations—which notably can trigger particularly high-value penalties—and failure to comply with certain of our obligations towards our subcontractors) may render us ineligible to participate in a public tender and/or may result in the termination of a public contract awarded or entered into, exclusion from current public tenders, sanctions and penalties, civil and administrative fines, operational bans (including on a precautionary basis, *e.g.*, ordered by the competent authorities pending the investigation phase, thus before a first instance decision on the case has been issued). See "*—We may incur liabilities or be excluded from contracting with public authorities for the actions of our employees, managers or agents*" and "*Business—Legal Proceedings—Naples Criminal Proceeding.*" Other

provisions of law, including criminal law provisions, prohibit various kinds of fraud in relation to public contracting or willful failure to fulfill service obligations under a PSE or healthcare customer contract. Moreover, pursuant to several of our contracts with PSEs, such entities are entitled to terminate or withdraw from the contracts in the event of, *inter alia*, (i) a failure by us to comply with any moral and professional requirements or (ii) criminal proceedings involving one or more members of our corporate bodies or key employees, in connection with crimes against, among others, the public administration or the public order.

Future changes to the existing rules, reinterpretations of existing laws, case law and/or the enactment of new laws to cover the sectors in which we operate (including those resulting in the establishment of stricter morality requirements to participate in public tenders), could influence our productivity levels by limiting or restricting our services and by making it more burdensome or costly for us to carry out our activities. For instance, a new Code on Public Procurement was recently adopted (2023). Ensuring compliance with new requirements can be costly and can have a material impact on our day-to-day operations. *See* "*Business—Regulation*."

A small portion of our business consists of manufacturing medical devices and, as a result, we are subject to EU and Italian healthcare regulations. The Italian regulatory framework applicable to medical devices, as recently supplemented, provides that a yearly budget to purchase medical devices is assigned to each Italian region and, in case such yearly budget is exceeded, each region must then 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**"). Two of our group entities received payment orders pursuant to the Payback Mechanism for an overall amount of €937,453 and €13,523, respectively, for the years 2015, 2016, 2017 and 2018. In the meantime, a recent Italian law (Law No. 34/2023) provided for a discount of 52% of the relevant amounts due pursuant to the Payback Mechanism, in exchange for the medical devices suppliers' decision to waive the pending litigation. Following widespread challenges before the TAR Lazio by the industry players (including our two subsidiaries concerned by such mechanism), the Italian Constitutional Court (*Corte Costituzionale*) upheld the Payback Mechanism, as long as the 52% discount on the original amounts is applied to every manufacturer or distributor involved. Therefore, companies subject to the Payback Mechanism will not have to pay more than 48% of what was originally requested by the Regions as pay-back for the years 2015-2018. 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). The next hearing before the TAR Lazio is scheduled on February 25, 2025.

Furthermore, on December 29, 2023, the Italian Ministry of Health and the Ministry of Economy and Finance issued a Ministerial Decree, according to which, each year, companies producing or distributing medical devices, large equipment and in vitro diagnostic medical devices are required to pay an annual fee equal to 0.75% of the annual turnover (net of VAT), resulting from the sale of such products to the National Healthcare System. Such companies are also required to submit to the Ministry of Health a yearly communication disclosing the amount of turnover generated by the sale of the abovementioned products to the National Healthcare System. On April 9, 2024, three of our group entities, as well as other players, challenged such Ministerial Decree before the relevant Regional Administrative Court. On January 15, 2025, the relevant Regional Administrative Court rejected the challenge of one of our group entities. We are awaiting the relevant decision in relation to the other challenges.

Moreover, there is a global trend towards ESG-related financial disclosure. In particular, with regard to sustainability reporting, we are subject to the Corporate Sustainability Reporting Directive (the "**CSRD**") entered into force on January 5, 2023. The CSRD requires large enterprises to report on sustainability according to European Sustainability Reporting Standards ("**ESRS**") starting from the 2025 fiscal year. Additionally, on July 5, 2024, the EU institutions adopted the Directive (EU) 2024/1760 (the European Corporate Sustainability Due Diligence Directive, the "**CSDDD**"). The CSDDD complements the Corporate Sustainability Reporting Directive, which came into force in January 2023, and any other existing or future regulation or legislation related to ethical sourcing, and sets obligations for large companies regarding the implementation of effective due diligence policies aimed at identifying, preventing and mitigating actual or potential adverse impacts on human rights and the environment, with respect to their operations, those of their subsidiaries and those carried out by their business partners. The CSDDD is to be transposed into national law by Member States by July 2026. Failure to comply with obligations thereunder may lead to fines amounting to at least 5% of the net worldwide turnover of the relevant company. Failure to meet such requirements could also trigger the additional risk of exposure to inquiries from supervisory bodies and adversely affect our reputation and brand, or could adversely impact our financial condition or results of operation through lost revenue and the cost of any required remedial actions, penalties or claims for damages.

Any failure to comply with applicable regulations, including by third-party licensees, partners and customers, could result in fines, enforcement actions by governments or competent authorities, injunctions or other measures which could lead to reputational harm, reduced sales and reduced market share and, in turn, which could have a material adverse effect on our business, financial condition and results of operations. See also "*Business—Regulation*."

Increases in pension and other post-employment benefits plan funding obligations may impair our liquidity or financial condition.

All workers performing their activity in Italian territory are covered by mandatory social security insurance. This system is financed by contributions from employees and employers, calculated as a percentage of the employee's gross remuneration. These contributions represent a relatively high surcharge on labor costs. Also, in Italy, national insurance contributions to INAIL (the National Institute for Accidents at Work), which covers all professional risks, are mandatory. In addition to these social security measures, employers must set aside in their financial statements (or pay into supplementary pension funds) a mandatory severance indemnity (*Trattamento di Fine Rapporto or TFR*), which is deferred remuneration equal to 1/13.5 of any remuneration paid to the employees in connection with the employment relationship. Under IFRS, TFR must take into consideration the estimated provision to be paid to the employees when they effectively will leave the company. This provision needs to be discounted appropriately, based on the personnel rotation, the expected interest rate and the life expectation. As of September 30, 2024, we set aside €10.8 million for employee benefits and our payables due to social security institutions within 12 months were €16.7 million. Further changes in laws or regulations or the coming into force of any new laws or regulations could substantially increase the applicable social contribution rates and statutory amounts of mandatory severance indemnities and therefore have a material adverse effect on our business, financial condition, results of operations and cash flows.

Our ability to manage our labor costs is primarily dependent upon provisions of the collective bargaining agreement applicable to cleaning and facility management that allow the transfer of employees to and from the Group upon the awarding or loss of a contract for cleaning and/or facility management, as applicable.

As of September 30, 2024, 11,139 workers in Italy (approximately 84.3% of our total workers) were employed pursuant to the CCNL Multiservizi framework. The CCNL framework facilitates, under certain circumstances, the transfer of employees from one outsourced provider of cleaning and facility management to another upon the expiration or termination of a contract to provide such services to a healthcare customer, PSE or private sector customer, which has the effect of reducing liabilities for exiting providers and reducing startup costs for incoming providers. Any future labor law reforms, renegotiation of the CCNL with trade unions and other parties and/or new case law could hinder or significantly reduce our ability to manage our labor costs by increasing liabilities in cases where we are the exiting provider (i.e. employee severance indemnities) or by increasing startup costs where we are the incoming provider (i.e. cost of recruiting and training new personnel) which could also have a material adverse effect on our business, financial condition and results of operations. Additionally, the CCNL Multiservizi framework expired on December 31, 2024, and there are ongoing discussions to renew it. It is not possible to predict either the content or the time required to achieve such renewal. For further information, see "*Business—Employees and labor arrangements— Transfer of employees*."

We may be subject to claims or penalties relating to the working conditions of our employees.

Our operations are subject to environmental as well as occupational health and safety laws and regulations. Some of the services we undertake in our business put our employees and others in close proximity with large pieces of mechanized equipment, moving vehicles and hazardous chemicals. In most cases, we are responsible for the safety of our personnel and the general wellbeing of our customers' employees and patrons who may work or do business nearby. If we fail to implement safety procedures or if the procedures we implement are ineffective, our employees and others may become injured. Unsafe work sites also have the potential to increase employee turnover, increase the cost of a service to our customers or the operation of a facility, and raise our operating costs. Any of the foregoing could result in financial losses, which could have a material adverse effect on our business, financial condition and results of operations.

In addition, certain of our operations involve the handling of hazardous chemicals, which, if improperly handled or disposed of, could subject us to civil and criminal liabilities. We are also subject to regulations dealing with occupational health and safety. Our safety record is critical to our reputation. Many of our customers require that we meet certain safety criteria to be eligible to bid for contracts, and many contracts include termination or forfeiture of some, or all, of its contract fees or profit in the event that we fail to meet such requirements. New technology, the implementation of new work processes, services, tools and machinery may have unforeseen

negative effects on the working conditions of our employees and may subject us to liabilities based on allegations of illness or disease resulting from exposure. Violations of, or liabilities under, applicable environmental or occupational health and safety laws and regulations could result in fines, penalties, legal claims as well as increased operating costs, which could have an adverse effect on our business, results of operations and financial condition.

Under applicable Italian law, when workers become injured in connection with their duties and as a result are absent from work for more than 40 days, the relevant public prosecutor must open an investigation into workplace safety and, depending on the circumstances, may bring criminal proceedings against our regional officer charged with workplace safety or against our management or the relevant employer. Any conviction for failures or omissions related to workplace safety may violate a morality clause in relevant public tenders (*moralità professionale*), expose us to liabilities under Italian health and safety laws and regulations (in particular Italian Legislative Decree 81/08), including temporary bans of our operations, as well as under LD 231 and render us ineligible to compete for such contracts which could have an adverse effect on our business, results of operations and financial condition. See "*We may incur liabilities or be excluded from contracting with public authorities for the actions of our employees, managers, directors, representatives or agents, including under LD 231.*"

We may incur liabilities or be excluded from contracting with public authorities for the actions of our employees, managers, directors, representatives or agents, including under LD 231/2001.

Our employees deliver services within buildings, for specific fixed assets (i.e. telecommunications equipment) and at locations owned or operated by our customers. As a result, we may be subject to claims in connection with damage to property, business interruptions, unauthorized use of the customer's property, unauthorized entry or breach of security protocols, negligence or willful misconduct or other tortious acts by our employees or people who have gained unauthorized access to premises through us. Such claims may be substantial and may result in adverse publicity for our Group. Accordingly, these claims could have a material adverse effect on our business, financial condition and results of operations.

In addition, any contact by our directors, employees, agents or partners in the context of the tender process by, and contractual relationship with, PSEs and healthcare customers (as well as in the context of interactions with the public administration in the process of obtaining or renewing any authorization or license) involves risks associated, among others, with fraud, bid rigging (*turbativa d'asta*), bribery and corruption and the procurement process by private sector customers involves risks associated with fraudulent activity (private bribery). Although we maintain internal monitoring systems, and we have never been convicted, fined or sanctioned in connection with fraud, bribery or corruption, we may be unable to detect or prevent every instance of fraud, bid rigging (*turbativa d'asta*), bribery and corruption involving our employees, managers or agents in the future.

Pursuant to LD 231/2001, as an Italian company, we may be held responsible for certain crimes committed in Italy or abroad including, among others, bribery, money laundering, corruption (including among private individuals), fraud against the state, corporate offenses, market abuse, cybercrimes, certain intellectual property-related crimes, certain environmental violations, tender rigging and workplace safety violations in our interest or for our benefit, by individuals having a functional relationship with us at the time the relevant crime was committed, including third party agents, partners or intermediaries, unless we were able to prove that such individuals fraudulently violated such internal control model and it was for us impossible to avoid such violation. In such circumstances, we may be subject to fines, confiscation of profits or legal sanctions (applied as interim measures during the investigations), including, subject to certain conditions being met, provisional measures, the termination of authorization, permits, licenses, concessions and financing arrangements, including facilitated financing and public subsidies relating, *inter alia*, to social security matters, suspension of our operations, or prohibitions on contracting with public authorities.

Any such occurrences may also lead to civil liability and administrative penalties, as well as to reputational damage. Investigations and convictions (including non-final and binding ones) with regards to certain crimes (*moralità professionale*) and illicit conducts or their equivalent in other countries where we operate, including, *inter alia*, fraud, bid rigging (*turbativa d'asta*), bribery and corruption, environmental violations, antitrust infringements, false statements to a public contracting authority, certain tax and labor law violations, and crimes against the person or workplace, safety violations and 231 violations in general may expose us to sanctions and penalties, civil and administrative fines, prohibition from receiving additional fees or obligation to forfeit them, operational bans (including on a precautionary basis—*e.g.*, ordered by the competent authorities pending the investigation phase, thus before a first instance decision on the case has been issued) and render us ineligible to maintain our existing PSE or healthcare customer contracts and/or participate in public tenders (either automatically or, in certain cases, on a case by case basis and upon a discretionary assessment).We are also

exposed to the risk of claims brought by third parties, including competitors, alleging the occurrence of certain of the abovementioned breaches. Furthermore, we could be excluded from tender procedures, among other things, if the public contracting authorities demonstrate that we have committed serious professional misconduct (*grave illecito professionale*), which include criminal, civil and administrative offences (and certain of those relevant under DL 231/2001).

We have adopted certain internal compliance policies and procedures (known as "**self-cleaning measures**") as part of strengthening our structure and risk management policies, considering that statutes typically provide that public contracting entities and courts should take self-cleaning measures into account when determine whether to exclude the Issuer from public tenders. However, we cannot guarantee that such self-cleaning measures will be effective or that competitors will not object and raise disqualification claims. As a result, the involvement or association of our employees, managers or agents with fraud, bid rigging (*turbativa d'asta*), bribery or corruption, or other relevant violations, criminal convictions or allegations or rumors relating thereto, even in their past capacities at other companies, could therefore have a material adverse effect on our business, financial condition and results of operations. See "*Business—Regulation*," "*Business— Legal Proceedings*."

Certain of our employees have been or still are, in certain cases, under criminal investigation or a proceeding was or is still pending against them in relation to the alleged occurrence of certain breaches included in the perimeter of LD 231.

For example, in April 2022, the Public Prosecutor before the Court of Bari notified the Chairperson of Servizi Ospedalieri of the scheduling of a preliminary hearing which was held on May 20, 2022, including a request for indictment for three alleged crimes, 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 judge of the case granted the Public Prosecutor's request for indictment and in March 2024 the defendant was fully acquitted on the grounds of the "non-existence of the alleged breaches" (*il fatto non sussiste*). On September 20, 2024, the Public Prosecutor's Office of Bari appealed the decision. A hearing before the Court of Appeal of Bari has not been scheduled yet. The Chairperson of Servizi Ospedalieri maintains that they acted in full compliance with any applicable law and regulation.

In addition, regarding the potential liability of the legal entities pursuant to "LD 231":

- Servizi Ospedalieri, together with certain of its current and former employees (among which, at an early stage, the CEO of Servizi Ospedalieri), in relation to their personal criminal liability, was investigated by the Public Prosecutor'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 furniture*). This investigation concerned 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, who, in turn, allegedly omitted to report certain contractual violations committed by Servizi Ospedalieri. In November 2023, the Public Prosecutor in charge of the case requested the indictment of Servizi Ospedalieri (pursuant to LD 231) and the said individuals originally were put under investigation, except for the CEO of Servizi Ospedalieri, whose case was dismissed. The preliminary hearing, originally scheduled on April 11, 2024 is scheduled for February 27, 2025; and

- a 49% owned consortium company operating in the energy services segment is currently under investigation before the Public Prosecutor's Office of Palermo for alleged false invoicing (*emissione di fatture o altri documenti per operazioni inesistenti*). One of our managers is also involved in this criminal investigation. The focus of the investigation is on certain VAT deductions claimed by the consortium. On December 29, 2023, the Public Prosecutor notified the consortium and the said manager of the conclusion of the preliminary investigations. An oral examination took place on April 30, 2024. The subsequent hearing, before the Judge for Preliminary Hearing (*Giudice per l'udienza preliminare*) is scheduled on March 26, 2025**.**

The Group companies may also incur liability under LD 231 for serious workplace accidents resulting from violations of the applicable health and safety regulations. *See* "*–We may be subject to claims or penalties relating to the working conditions of our employees.*" For instance, in September 2022, the legal representative of CMF and Rekeep Rail S.r.l. received a "request for identification" (*verbale di identificazione*) indicating potential allegations of the commission of the offense of personal injuries (*lesioni personali*) as well as a violation of certain health and safety regulations. Regarding the alleged health and safety violations, the said legal representative was involved in a criminal proceeding which ended with a dismissal granted by the competent Judge for the

Preliminary Hearing (*GIP*) on October 10, 2023; to date, Rekeep is not aware of any ongoing criminal investigation for personal injuries (*lesioni personali*) against this individual or any Group companies in relation to this incident.

Moreover, the Issuer (pursuant to LD 231), together with two of its former managers in relation to their personal criminal liability, 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. This follows an investigation initiated by the Public Prosecutor of Napoli regarding the tender for the award 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 us. In December 2017, the competent Judge for the Preliminary Hearing (GUP) indicted both the aforementioned former managers and us. The Santobono hospital has joined the proceeding seeking damages against the Issuer and the two former managers, and, following other hearings held over the years, the next one is scheduled for January 23, 2025. See "*Business—Legal Proceedings—Naples criminal proceeding.*"

Certain of Servizi Ospedalieri's current and former employees have been, or are currently, under investigation for crimes which could trigger Servizi Ospedalieri's liability under LD 231. These investigations were, or are: (i) an investigation for alleged serious injuries (*lesioni colpose*) connected with an alleged H&S violation, pending before the Court of Lucca, in relation to which, following the opening of the relevant proceeding and the issuance of a sentencing decree (*decreto penale di condanna*) against the involved individual, the lawyers in charge requested and obtained the suspension of the said decree with probation (*sospensione con messa alla prova*); the next hearing for the check by the court of the successful completion of the probation period was scheduled on July 19, 2024. On that date, the Court issued its decision declaring the proceeding closed as the crime has been extinguished due to the successful completion of probation. As of today, no investigation or proceeding pursuant to LD 231 has been opened so far; and (ii) an investigation for alleged corruption acts (*corruzione*) in relation to the appointment of a public official to a contracting station that had issued tenders in which Servizi Ospedalieri had participated, opened by the Public Prosecutor's Offices of Pescara, in relation to which, on November 2023 the said Prosecutor requested the indictment against the relevant employee as well as of Servizi Ospedalieri; such request was scheduled to be analyzed by the relevant court during a hearing held on May 7, 2024, subsequently postponed to October 29 and October 30, 2024. The next hearing is set for February 25, 2025. The individual involved in this criminal proceeding is no longer a manager of Servizi Ospedalieri.

A failure of our key information technology, inventory management and maintenance systems or processes, including the loss of capacity or the interruption of information technology hardware or infrastructure on which our systems rely, could have a material adverse effect on our ability to conduct our business.

We rely extensively on information technology, customer relationship management, inventory management and maintenance systems to conduct our activities and to support our service delivery. These systems and processes include, but are not limited to, ordering and managing stock from suppliers, creating and updating models to inform public tenders estimates and bids, distributing products to various locations, processing transactions, summarizing and reporting results of operations, complying with regulatory, legal or tax requirements, and other processes necessary to manage the business. We also provide IT services to customers, assisting them in running and monitoring systems that are critical to their operations. Because we believe our systems represent a significant competitive advantage, if such systems are damaged or cease to function properly, or if we are unable to provide IT services to our customers, our business may suffer. In addition, we rely on external providers for information technology hardware and infrastructure which may be interrupted. These interruptions could be caused by any number of events, ranging from catastrophic events to incidents such as power outages, human error and security breaches, and if we or our external providers do not effectively compensate on a timely basis, or if our employees knowledgeable about such systems are unavailable or cease to work for us, our operations could be disrupted. In addition, while we have implemented disaster recovery solutions and procedures for certain specific systems and redundancy in our data storage, we do not currently have in place a disaster recovery plan or system covering all existing systems and infrastructures. Failures in our systems could therefore reduce our revenue, adversely affect our reputation among our customers, compromise our competitive position or otherwise have a material adverse effect on our business, financial condition and results of operations.

We may suffer data loss, data theft or unauthorized access to, or successful hacking of, our systems, which may harm our business, including our reputation.

Our business involves the receipt and storage of information relating to our customers and employees. The techniques used to obtain unauthorized access, disable or degrade service or sabotage systems change frequently

and are often not recognized until launched against a target. In addition, the hardware, software or applications we use may contain defects in design or manufacture or other problems that could unexpectedly compromise information security. We may be unable to anticipate these techniques or detect these defects, or to implement effective and efficient countermeasures in a timely manner. We operate in an environment increasingly prone to cybersecurity risks. Cybersecurity threats may include gaining unauthorized access to our systems or inserting computer viruses or malicious software in our systems to misappropriate consumer data and other sensitive information, corrupt our data or disrupt our operations. New and sophisticated malware is constantly being developed and it is possible that systems are not updated on time. Unauthorized access may also be gained through traditional means such as the theft of laptop computers, data devices and mobile phones and intelligence gathering by employees with access. Furthermore, our employees or other persons may have unauthorized or authorized access to our systems or take actions that affect our networks in an inconsistent manner with our policies or otherwise adversely affect our ability to adequately process internal information. As a result, we need to continue to advance our capacity to identify and detect technical threats and vulnerabilities and improve our ability to react to incidents. This includes the need to strengthen security controls in the supply chain as well as to place increased focus on security measures adopted by our key partners and other third parties.

If unauthorized third parties manage to gain access to any of our information technology systems, or if such systems are brought down, unauthorized third parties may be able to misappropriate confidential information, cause interruptions in our operations, access our services without paying, damage our computers or otherwise damage our reputation and business.

The cost and operational consequences of responding to breaches and implementing remediation measures could be significant. We experience and respond to cybersecurity threats from time to time. As our business and the cybersecurity landscape evolve, we may also find it necessary to make significant further investments to protect data and infrastructure. There can be no assurance that such investments will prevent future cyberattacks or other threats from occurring which may result in material adverse effects on our business, and operations. Furthermore, we may be held liable for the loss, release or inappropriate modification or storage conditions of customer or other data which are stored on our systems and database. In such circumstances, we could be held liable or be subject to litigation, penalties (including the payment of damages and interest) or adverse publicity that could have a material adverse impact, *inter alia*, on our reputation, business, financial condition and results of operations.

Our business requires capital expenditures which may divert significant cash flow from other investments or uses, including debt servicing.

Our activities require capital expenditures (defined as the "purchase of property, plant and equipment," "property, plant and equipment under lease" and "other intangible assets"). Our capital expenditures for the Facility Management Segment were €12.6 million, €35.2 million and €25.5 million for the years ended December 31, 2021, 2022 and 2023, respectively, of which €6.5 million, €11.2 million and €16.7 million, respectively, were relating to our expansion in the international markets. Our capital expenditures for the Facility Management segment may be tied to contractual requirements and, therefore, sustained in relation to existing contracts with related contractual revenue streams. For the years ended December 31, 2021, 2022 and 2023, our capital expenditures for the Laundering and Sterilization Segment (related to maintenance, upgrade of existing equipment, purchases of new equipment and purchases of linen) were €22.3 million, €22.7 million and €21.4 million, respectively. We may find it necessary or advisable to increase our capital expenditures in the event this is required under contracts with our clients or we make acquisitions or further expand our operations, or as a result of factors beyond our control, such as changes in EU, national or local governmental requirements. We can provide no assurance that our capital expenditure will not increase, and such increases may divert significant cash flows from other investments or uses, including debt servicing, which could have a material adverse effect on our business, financial condition and results of operations.

We may face cash expenses in connection with the put option granted to Rekeep Polska's non-controlling shareholder.

We have granted a put option to the minority shareholder of our Rekeep Polska subsidiary, exercisable between December 31, 2027 and December 31, 2028, subject to postponement. Should this put option be exercised, we would be obligated to make a payment to the relevant shareholder based on the performance of Rekeep Polska. Such a payment could materially and adversely affect our liquidity position and may require us to seek financing to pay for the shares put to us.

In our consolidated financial statements, the potential right of the minority shareholder to exercise its put option, subject to certain conditions, is recognized as a financial liability at fair value. The strike price is determined by

calculating the EBITDA over a specified period and adjusting it according to certain financial conditions. As of September 30, 2024, the liability was recorded in our financial statements at €38.7 million.

We have a significant amount of goodwill and if our goodwill becomes impaired, we may be required to record a significant charge to earnings.

We have a significant amount of goodwill. As of September 30, 2024, we had goodwill of €406.6 million, which represented 31.9% of our total assets as of such date. Goodwill is subject to impairment testing at least annually, or more frequently if there are signs of potential impairment in the carrying amounts. Fair value is determined based on the discounted cash flows from our cash-generating units based on an estimate of expected cash flows from such cash-generating unit. See "*Management's discussion and analysis of financial condition and results of operations—Critical accounting policies—Impairment of goodwill and other assets*." Changes in estimates of future cash flows caused by items such as high interest rates, unforeseen events or changes in market conditions could negatively affect our reporting unit's fair value and result in an impairment charge. Factors that could cause us to change our estimates of future cash flows include higher interest rates, a prolonged economic crisis, successful efforts by our competitors to gain market share in our core markets, our inability to compete effectively with other operators or our inability to maintain price competitiveness. An impairment of a significant portion of our goodwill would require us to record a correspondingly significant charge in our income statement which could have a material adverse effect our business, financial condition and results of operations.

The further 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. Since 2015, we have developed our international facility management both organically, including operations in France (through the sub-group controlled by Rekeep France S.a.S., where we own a 93.07% stake as of September 30, 2024), Saudi Arabia (through Rekeep Saudi Arabia Ltd) and throughout acquisitions in Turkey (through EOS, where we own an 51% stake as of September 30, 2024), and Poland (through the sub-group controlled by Rekeep Polska S.A., where we own an 80% stake as of September 30, 2024). Although we are increasingly reliant on revenues generated outside of Italy, there can be no assurance that the expansion in the international markets and future investments will prove successful. *See "–Unfavorable economic conditions and geopolitical risks globally and in the countries where we operate have had, and in the future could have, an adverse effect on our results of operations and financial condition.*"

Entering international markets, including other European markets or emerging markets, requires substantial amounts of management time and attention, either through acquisitions, joint ventures or other forms of association. The additional demands on management from these activities may detract from our efforts in Italy and adversely affect our operating results. Additionally, the manner and nature of public tenders in other markets may differ from that of Italy, which could limit the transferability and applicability of our know-how and accumulated expertise. For these and other reasons, our services may not be accepted in other markets to the extent which would be necessary to make our international expansion profitable.

The economies of some of these countries differ from the economies of Western Europe and in some cases present a greater risk profile due to, among others, the level of political instability, government involvement, development, growth rate and control of foreign exchange. Any international expansion also exposes us to the risks normally associated with conducting international business operations, including multiple national and regulatory compliance requirements, licensing requirements, unexpected changes in regulatory requirements, changes in foreign legislation (and public tender requirements), labor, data protection, anti-corruption, anti-money laundering and terrorist financing, possible foreign currency controls, currency exchange rate fluctuations (e.g. our operations in Turkey are exposed to the devaluation of the Turkish lira) or devaluations, tariffs, difficulties in staffing and managing foreign operations, difficulties in obtaining and managing information suppliers, potential negative tax consequences, difficulties collecting accounts receivable and inability to enforce any remedies that would be otherwise available. In addition, we may face additional risks, including incurring start-up losses for several years due to lower levels of business, initial costs for the setting up of the business, training costs, the lack of expertise and loss of key employees in such markets, differences in business cultures and practices, 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. Our international expansion requires significant capital expenditures. For instance, following the acquisition of our Polish operations, we have made significant investments in infrastructure and technology upgrades to integrate and expand our business operations in the country. We are exposed to the associated risks of not achieving the anticipated returns on these investments.

Moreover, joint ventures, associations or networks may involve additional risks related to disagreements regarding strategy, the need to provide further investments, general lack of control over the direction of the joint venture or association and/or reputational risks with respect to the quality of services rendered by network partners.

For instance, on April 10, 2023, Rekeep Saudi CO Ltd received a notice of termination of a contract for the operations and maintenance ("**FM Contract**") of four lines of the Riyadh subway awarded by Operation Alliance Co LLC ("**OPS**"). Since the parties were not able to find an amicable solution through the mechanism provided for in the FM Contract, on May 9, 2023, our subsidiary in Saudi Arabia initiated an arbitration before the International Chamber of Commerce (ICC) claiming damages for approximately SAR 319,149,532 (about USD 85 million) against OPS, and, on a joint and several basis, Ferrovie Dello Stato ltaliane S.p.A. and Hitachi Rail STS S.p.A., as the latter were involved in matters relating to the FM Contract (all together the "**Respondents**"). On July 10, 2023, Rekeep Saudi CO Ltd served a notice of termination of the FM Contract, claiming a breach of contract. The Respondents filed a counterclaim for an amount of SAR 162,779,777.79 (equivalent to approximately USD 43.4 million), against Rekeep Saudi CO Ltd. and Rekeep S.p.A., in its capacity as guarantor. On December 16, 2024, the parties agreed on a settlement that provides for: (i) a payment of €30 million (VAT excluded, but gross of other taxes and costs) to Rekeep Saudi CO Ltd. by the Respondents which was paid on January 29, 2025; (ii) the release of both the performance bond posted by Rekeep Saudi CO Ltd. in connection with the FM Contract and the Rekeep S.p.A.'s guarantee; and (iii) the waiver of the arbitration proceeding by each of the parties involved. As of the date of this Offering Memorandum, the undertakings mentioned (i), (ii) and (iii) have already been complied with by all the parties involved.

Any negative impact caused by the foregoing risks could have a material adverse effect on our business, results of operations and financial condition. In addition, as we expand into new jurisdictions, our business will be subject to applicable laws, regulations and licensing requirements in those new jurisdictions, which may be different than the jurisdictions in which we currently operate.

Our reputation is one of our key assets and, if harmed, our business, financial condition and results of operations may suffer.

We are exposed to the risk of negative publicity, press speculation and threatened or actual legal proceedings concerning our business, which may harm our reputation. Any damage to our reputation may cause existing customers to terminate their relationship with us or prevent us from gaining new ones. Any of these events may have a material adverse effect on our business, financial condition and results of operations.

Our insurance is limited and subject to exclusions, and depends on the ongoing viability of our insurers; we may also incur liabilities or losses that are not covered by insurance.

We undertake a significant amount of services and activities across multiple sectors and locations. We currently have in place a number of different insurance policies that cover property damage, environmental liabilities and losses due to the interruption of our business in accordance with market practice in the industry and subject to customary conditions. Our other fixed assets, such as machines used in our Laundering and Sterilization Segment and our office equipment used for Group administration, are protected by a bundled industrial insurance policy (damages from fire, catastrophes, theft, flood and severe weather) that includes a business interruption insurance when business interruption is caused by an insured property damage.

We believe that our insurance coverage is adequate to cover the risk of loss resulting from any damage to our property. However, our insurance policies are subject to limits and exclusions. Furthermore, we do not have insurance coverage for all interruptions as a result of operational risks because such risks cannot be insured or can only be insured on unreasonable terms. Turmoil and volatility in the global financial markets, geopolitical risks and other potential future pandemics may also adversely affect the insurance market. This may result in some of the insurers in our insurance portfolio failing and being unable to pay their share of claims as well as in an increase in the insurance costs.

Moreover, certain types of losses, such as those resulting from earthquakes, floods, hurricanes, environmental hazards or terrorist acts, may be uninsurable or not economically insurable. In addition, there is no protection against the risk that customers will fail to pay in full or on time. We will use our discretion in determining amounts, coverage limits, deductibility provisions and the appropriateness of self-insuring with a view to maintaining appropriate insurance coverage at a reasonable cost and on suitable terms. There can be no assurance that our insurance program would be sufficient to cover all potential losses, that we will be able to obtain sufficient levels of property insurance coverage in the future or that such coverage will be available on terms acceptable to us. If we suffer an uninsured or underinsured loss, we could lose all or a portion of the capital we have invested in a

business or property as well as the anticipated future revenue from such business or property. Such uninsured or underinsured losses could harm our business, financial condition and results of operations. See "*—The COVID-19 pandemic has impacted our operations, and any future virus outbreak or other pandemics could impact our business, financial condition and results of operations*."

H2H is currently engaged in litigation with one of our insurance provider, Generali, which has contested the insurance coverage and refused to reimburse the damages we are obliged to pay in a civil liability case. The outcome of this litigation may affect our ability to recover amounts for damages in future legal proceedings under the same insurance policy.

We may face labor disruptions that could interfere with our operations and have a material adverse effect on our business, financial condition and results of operations.

As of September 30, 2024, we employed approximately 13,030 full-time equivalents in Italy and approximately 11,107 full-time equivalents in Poland via Rekeep Polska with the remainder in our other international markets, including Turkey, Saudi Arabia and France. Applicable law and sectoral collective bargaining arrangements, including the CCNL Multiservizi in Italy, regulate our relations with our employees and our ability to manage, and in certain cases, discontinue our employment relationships. See "*—Our ability to manage our labor costs is primarily dependent upon provisions of the collective bargaining agreement applicable to cleaning and facility management that allow the transfer of employees to and from the Group upon the awarding or loss of a contract for cleaning and/or facility management, as applicable*."

In addition, we are required to consult and seek the advice of our employee works councils with respect to a broad range of matters, which could prevent or delay the completion of certain corporate transactions (such as the transfer of undertakings or lay-off procedures). Consultations with works councils, strikes, similar industrial actions or other disturbances by our workforce, particularly where there are union delegates, could disrupt our operations, result in a loss of reputation, increased wages and benefits or otherwise have a material adverse effect on our business, results of operations and financial condition.

Although management believes that its relationship with employees, work councils and trade unions is generally good, there can be no assurance that there will not be labor disputes and/or adverse employee relations in the future. We are currently involved in certain labor disputes related to damages, dismissals (including collective dismissals) and wage disputes.

Disruptions of business operations due to strikes or similar measures by our employees or the employees or any of our significant suppliers could have a material adverse effect on our business, financial condition and results of operations. See also "*Business—Employees and labor arrangements*."

Our operations could be adversely affected if we are unable to retain key employees and/or key members of our management.

We depend on certain key executives and personnel for our success. Our performance and our ability to implement our strategy depend on the efforts and abilities of our executive officers and key employees. Our operations could be adversely affected if, for any reason, a number of these officers or key employees do not remain with us.

We are subject to risks related to legal and arbitration proceedings in the normal course of our business and otherwise as well as risks related to public contracts litigation.

We are subject to the risk of legal claims and proceedings (including labor disputes) and regulatory enforcement actions in the ordinary course of our business and otherwise. In addition, public tenders we win from PSEs and healthcare customers may be challenged by third-party competitors, and the resultant litigation in administrative courts could be protracted and cause delay to our projects. We have been party as defendant or plaintiff in various claims and lawsuits incidental to the ordinary course of our business, such as those related to labor issues, restitution of retainers, and challenges to public tenders won or lost. As of September 30, 2024, our provisions for litigation risks (including tax litigation) amounted to €26.9 million.

The results of pending or future legal proceedings are inherently difficult to predict and we can provide no assurance that we will not incur losses in connection with current or future legal or regulatory proceedings (including tax audits) or actions that exceed any provision we may set aside in respect of such proceedings or actions or that exceed any insurance coverage available, which may have a material adverse effect on our business, financial condition and results of operations. See "*Business—Legal Proceedings*."

We are from time to time involved in various tax and social security audits and investigations and we may face tax and social security liabilities in the future.

We are from time to time subject to tax and social security audits and investigations by tax, social security and other public authorities in countries where we operate, which may include, without limitation, investigations with respect to the corporate and indirect tax regime of our transactions and value-added tax classification and social security contributions. For example, as of the date of this Offering Memorandum, H2H Facility Solutions is undergoing a tax audit for the year 2021. Adverse developments in these laws or regulations, or any change in position by the relevant authorities regarding the application, administration or interpretation of these laws or regulations, could have a material adverse effect on our business, financial condition and results of operations or on our ability to service or otherwise make payments on the Notes and our other indebtedness.

The relevant authorities may disagree with the positions we have taken or intend to take regarding the tax and social security treatment or characterization of any of our transactions. In addition, with specific regard to excise duties and renewable energy incentives, in the event of disagreement on the interpretation of certain applicable rules, regulatory developments, or our non-compliance with certain requirements needed to obtain these benefits, we may be required to return some of the amounts we have received to the relevant authorities and/or clients. It may be necessary to defend our tax and social security filings in court if a reasonable settlement cannot be reached with the relevant authorities and such ensuing litigation could be costly and distract management from running our business. Audits and investigations by the competent authorities may generate negative publicity which could harm our reputation with customers, suppliers and counterparties. The financial impact of any tax or social security reassessment in connection with our business could have a material adverse effect on our business, financial condition and results of operations. In addition, investigations and convictions for certain of such breaches may render us ineligible to maintain our existing contracts and/or participate in current and future public tenders, which could have an adverse effect on our business, results of operations and financial condition.

We rely on certifications by industry standards-setting bodies.

We are required by the applicable Italian and other applicable regulatory framework to obtain certain mandatory certifications and comply with professional licensing requirements. In addition, some of our customers have required us to obtain one or more internationally recognized certifications, such as the UNI EN ISO 14001 and EMAS certifications for our activities, or we do on a voluntary basis because we believe these certifications provide advantages to our internal or quality controls and the terms of certain public tenders confer advantages on bidders who are so certified. We incur significant costs and expenses, including any necessary upgrades to our equipment and fixed assets, associated with maintaining these certifications. If we fail to maintain any of our certifications, our business may be harmed because our customers that require them may cease contracting our products or services which in turn could have a material adverse effect on our business, financial condition and results of operations.

We provide transportation services to patients and storage, management and transportation of drugs services which may expose us to liabilities.

We provide, among other services, transportation services to patients between medical facilities and outpatient centers and between other locations. Medical and health and safety risks are inherent in such services. A medical or health and safety incident could be particularly serious, as the patients are recovering from surgery, ill or otherwise vulnerable. Our activities are also exposed to significant medical risks relating to the storage, management and transport of drugs for residents and patients, or residents and patients being harmed by one or more of our employees and other patients, either intentionally, through negligence, or by accident. For instance, one of our employees is currently facing a criminal proceeding for personal injuries (*lesioni*) because a patient was injured after falling from a stretcher when the transport stopped. Other health and safety risks include road and weather hazards. If any of the above medical or health and safety risks were to materialize, we may be held liable, have to incur certain costs, including fines that are not covered by our insurance policies, which could have a material adverse effect on our business, financial condition and results of operations.

We are exposed to risks associated with food safety and the food supply chain, which may subject us to liability claims, damage our reputation or affect our relationship with customers.

One of Rekeep Polska's's activities is the preparation and service of food in connection with the provision of outsourced services (contract catering). As a result, we are exposed to damage resulting from actual or perceived issues regarding the safety or quality of the food prepared or provided by us. Claims of illness or injury relating

to contaminated, spoiled, mislabeled or adulterated food may require costly measures to investigate and remediate to, such as withdrawing products from sale or destroying supplies and inventory that are unfit for consumption.

Rekeep Polska's's catering activity relies on strict adherence by employees to standards for food handling and restaurant operations. Claims related to food quality or food handling are common in the food service industry. If we are found negligent in food safety, we may be exposed to significant liability, which could have material adverse effect on our business, financial condition and results of operations.

Even if any such claims are without merit, any negative publicity as a result of allegations of unsafe food service can have a significant impact on our reputation and could negatively impact Rekeep Polska's ability to maintain existing or win new catering contracts.

Furthermore, catering exposes us to risks related to the food industry in general, such as widespread contamination, nutritional and other health-related concerns. From time to time, food suppliers are forced to recall products and as a result we may have to remove certain products from our inventory and source inventory from other providers. Such events can be disruptive to our business.

If any of the above were to occur to a significant degree, it could have a material adverse effect on our business, financial condition and results of operations.

If we are found to have violated laws protecting the privacy and confidentiality of patient health information, we could be subject to civil or criminal penalties, which could increase our liabilities and harm our reputation or our business.

As part of our business, we process and come into possession of patient health information. EU and national laws including the EU General Data Protection Regulation 2016/679 (the "**GDPR**") and the Italian Privacy Code (Legislative Decree No. 196/2003, as amended by Legislative Decree No. 101/2018, which adapted applicable Italian rules to GDPR), regulate the use and handling of such information and if we or any outsourced third-party providers violate the privacy or confidentiality of patient health information, we could be subject to administrative, civil or criminal penalties. Non-compliance with the GDPR may result in significant penalties including fines of up to 4% of total annual worldwide turnover or €20 million (whichever is higher), depending on the type and severity of the breach. The fine may be imposed instead of, or in addition to, measures that may be ordered by supervisory authorities (such as the request to cease processing). We have implemented safeguards to protect the integrity of our data systems, monitor the activities of any outsourced third-party providers and we have trained the relevant staff with respect to procedures we deem adequate. However, there can be no assurance that we will be successful in protecting the privacy and confidentiality of patient health information, including as a result of a breach of any applicable laws or regulation by third-party providers to which we outsource certain activities including processing, handling and storing patient health or other confidential information. If we breach our obligations under the relevant laws, including the GDPR, and any relevant implementing laws and regulations, the resultant liabilities or harm to our reputation may have a material adverse effect on our business, financial condition and results of operations.

If we fail to maintain an effective system of internal controls, we may not be able to accurately report our financial results or prevent fraud.

Effective internal controls are necessary for us to provide reliable financial reports and effectively prevent fraud. Any inability to provide reliable financial reports or prevent fraud could harm our business, including through harm to our reputation. This risk is increased as a result of our increased acquisition activity, as the entities that we acquire may not have internal control procedures of an effectiveness equivalent to ours. If we fail to maintain, or fail to cause the companies we acquire to adopt and maintain, adequate internal controls our financial statements may not accurately reflect our financial condition.

The granting or extension of the Collateral is subject to the Italian Golden Power Clearance pursuant to the Italian Golden Power Legislation. If the Italian Golden Power Authority adopts an extensive interpretation of the Italian Golden Power Legislation and determines that it is applicable to the business of the Issuer and/or the Group, there may be an impact on the Issuer's and the Group's ability to pursue certain transactions.

As of the Date of this Offering Memorandum, we do not consider the Italian Golden Power Legislation to be applicable to the Issuer and/or the Group, also considering that: (i) in 2021 the Italian Golden Power Authority decided that the granting of a share pledge over Servizi Ospedalieri fell outside the scope of application of the Italian Golden Power Legislation, and (ii) in 2024 the Italian Golden Power Authority decided that transfer of the

energy business unit to Teckal (previously Rekeep Rail) also fell outside the scope of application of the abovementioned legislation. See "*Business—History*."

The scope of application of the Italian Golden Power Legislation is, however, very broad and, to some extent, vague, and, pursuant to such legislation as interpreted by the case law, the exercise by the Italian Golden Power Authority of its powers is considered an act of high administrative/political direction (and thus exposed, among others, to the changes in the political composition of the Italian Golden Power Authority and in the geopolitical strategies of the Italian government); therefore, making a conclusive assessment is a complex exercise.

Therefore, on January 24, 2025, the Issuer and MSC prudentially submitted a filing with the Italian Golden Power Authority pursuant to the Italian Golden Power Legislation to obtain the Italian Golden Power Clearance for the Collateral to secure the Notes. It cannot be excluded that the Italian Golden Power Authority may impose restrictions, conditions and undertakings or, potentially, prohibit the granting or extension of the Collateral.

Furthermore, if for any reason (including future amendments to the Italian Golden Power Legislation potentially widening its scope of application or as a result of an extensive interpretation of the Italian Golden Power Legislation by the Italian Golden Power Authority, also in the context of the filing submitted by the Issuer and MSC) the Italian Golden Power Legislation was deemed to apply to the Issuer and/or the Group, their ability to pursue certain resolutions, acts or transactions would be subject to the reporting obligation and the potential exercise by the Italian Golden Power Authority of its powers under the Italian Golden Power Legislation.

In particular, pursuant to the Italian Golden Power Legislation, the Italian Golden Power Authority may, among others, prohibit or impose recommendations, restrictions, conditions and undertakings and/or similar measures on: (i) the acquisition of direct or indirect shareholdings (also through the enforcement of security interests) in companies having assets and relationships in sectors qualified as strategic (defense and national security, energy, transport, communications, healthcare, *etc.*), and/or (ii) resolutions, acts or transactions approved by companies holding assets and relationships in strategic sectors and resulting in a change in ownership, control or possession of such strategic assets or relationships, including the enforcement, granting or extension of security interests over the shares or strategic assets, or in the intended use or purpose thereof. In particular, the following transactions are reportable to the Italian Golden Power Authority:

- acquisitions by any individuals or legal entities (regardless of their nationality and except for Italian public authorities or entities controlled by such public authorities) of an interest representing at least 3% of the voting rights or share capital in a company active in the defense and national security sector. Similarly, acquisitions of interests exceeding the 5%, 10%, 15%, 20%, 25% and 50% thresholds, as well as acquisitions of a controlling interest, are also subject to the abovementioned reporting obligation;

- acquisitions by individuals or legal entities not belonging to the European Union and/or the European Economic Area of a controlling interests or an interest representing at least 10% of the voting rights or share capital (provided that the value of the relevant investment is equal to at least €1 million) in a company active in any of the sectors of strategic relevance under the Italian Golden Power Legislation other than defense and national security. Similarly, acquisitions of interests by individuals or legal entities not belonging to the European Union and/or the European Economic Area exceeding the 15%, 20%, 25% and 50% thresholds are also subject to the abovementioned reporting obligation; and

- acquisitions by individuals or legal entities belonging to the European Union and/or the European Economic Area (including of Italian nationality) of a controlling interest in a company active in the following sectors of strategic relevance under the Italian Golden Power Legislation (other than defense and national security): communications, energy, transport, healthcare, agri-food and financial.

Resolutions, acts or transactions approved by a company holding assets and relationships in strategic sectors that give rise to changes in the ownership, control or possession of such assets (also if carried out within the same group, even if the relevant approval is subject to a simplified procedure), including, according to the interpretation of the Italian Golden Power Legislation adopted by the Italian Golden Power Authority, the granting or extension of security interests over the shares or strategic assets, or in the intended use or purpose thereof, must also be reported, prior to their implementation, to the Italian Golden Power Authority.

As a result, in the abovementioned scenario, our ability to pursue commercial or industrial strategic resolutions, acts or transactions that involve, among others, the acquisition of, or the subscription for, our shares (or an amendment to our shareholders' structure) would be subject to a prior notification to the Italian Golden Power Authority, which could exercise its powers under the Italian Golden Power Legislation. Moreover, if any of the

Group companies was involved in any transaction, act or resolution falling in the scope of the Italian Golden Power Legislation, the Italian Golden Power Authority may veto or impose restrictions, conditions or undertakings, to consent to the implementation of such transaction, act or resolution. Accordingly, we may not be permitted to undertake such transaction, act or resolution in a timely fashion, without undertakings, or at all.

Failure to comply with the reporting obligation provided under the Italian Golden Power Legislation or with any veto, restriction, condition, undertakings (or similar measures) imposed by the Italian Golden Power Authority pursuant to the Italian Golden Power Legislation may result, *inter alia*, in the relevant transaction, act or resolution being unwound or declared null and void, and in the perpetrators being subject to material monetary fines.

Risks related to our capital structure

We will be highly leveraged and will require a significant amount of cash to service our debt and sustain our operations, which we may not be able to generate or raise.

Upon completion of the Transactions, we will continue to be highly leveraged and have significant debt service obligations. As of September 30, 2024, after giving *pro forma* effect to the Refinancing, we would have had total third-party financial indebtedness outstanding in the amount of €497.0 million, which is represented mainly by the Notes offered hereby. We anticipate that we will continue to be highly leveraged for the foreseeable future. See "*Capitalization*," "*Description of Certain Financing Arrangements*" and "*Description of the Notes*."

Our ability to make principal or interest payments when due on our indebtedness, including our obligations under the Notes, or to refinance our debt and to fund our ongoing operations or expansion plans, will depend on our future performance and ability to generate cash, which, to a certain extent, is subject to the success of our business strategy as well as general economic, financial, competitive, legislative, legal, regulatory and other factors, as well as other factors discussed in these "*Risk Factors*," many of which are beyond our control.

We cannot assure you that our business will generate sufficient cash flows from operations or that future debt financing will be available to us in an amount sufficient to enable us to pay our debts when due, including the Notes, or to fund our other liquidity needs including the repayment at maturity of the then outstanding amount under the Revolving Credit Facility. At the maturity of the Revolving Credit Facility, the Notes or any other debt that we may incur, we may be required to refinance or restructure our indebtedness if we do not have sufficient cash flows from operations and other capital resources to pay our debt obligations, or to fund our other liquidity needs.

If our future cash flows from operations and other capital resources are insufficient to pay our obligations as they mature or to otherwise fund our liquidity needs, we may be forced to:

- sell assets;
- obtain additional debt or equity capital; or
- restructure or refinance all or a portion of our debt, including the Notes, on or before maturity.

The type, timing and terms of any future financing, restructuring, asset sales or other capital raising transactions will depend on our cash needs and the prevailing conditions in the financial markets. We cannot assure you that we would be able to accomplish any of these alternatives on a timely basis or on satisfactory terms, if at all. Any refinancing of our debt could be at higher interest rates and may require us to comply with more onerous covenants, which could further restrict our business, financial position and results of operations. There can also be no assurance that any assets that we could seek, or otherwise be required, to dispose of could be sold or that, if sold, the timing of such sale and the amount of proceeds realized from such sale would be acceptable or sufficient to deleverage and ensure the sustainability of our debt obligations and satisfy the Group's liquidity needs. In such an event, we may not have sufficient assets to repay any portion or all of our debt, including the Notes. In addition, the terms of our debt, including the Notes and the Revolving Credit Facility, limit and/or will limit, and the terms of any future debt may limit, our ability to pursue any of these alternatives.

Any failure to make payments on the Notes on a timely basis would likely result in a reduction of our credit rating, which could also harm our ability to incur additional indebtedness.

The Issuer will be partially dependent on payments from its subsidiaries in order to make payments on the Notes and the Notes will be structurally subordinated to the liabilities of the Issuer's subsidiaries that do not guarantee the Notes.

The Issuer conducts a portion of its operations through operating subsidiaries and therefore will be dependent in part upon the cash flow from its subsidiaries in the form of dividends, intercompany loans or otherwise to make payments on the Notes. The Issuer's operating subsidiaries may not generate cash flow sufficient to enable it to meet its payment obligations. In addition, the Issuer's subsidiaries may be restricted from providing funds to Issuer under some circumstances. These circumstances could include, among others, corporate law limitations, existing and future contractual restrictions, including restrictions in any indebtedness at the subsidiary level, that affect the ability of the Issuer's subsidiaries to pay dividends or make other payments to the Issuer. In addition, applicable tax laws may also subject such payments to taxation.

The Notes will be structurally subordinated to the creditors (including trade creditors) and preference shareholders (if any) of the Issuer's non-Guarantor subsidiaries. As of September 30, 2024, after giving effect to the Refinancing, the Gross Debt of the subsidiaries of the Issuer that are not expected to guarantee the Notes was equal to €54.9 million.

The interests of our shareholder may be inconsistent with the interests of the holders of the Notes and we may enter into related party transactions.

MSC owns 100% of the issued and outstanding share capital of the Issuer. The interests of MSC and/or any other principal shareholder in the future could conflict with each other and/or the interests of the holders of the Notes, particularly if we encounter financial difficulties or are unable to pay our liabilities when due. Any principal shareholder could also have an interest in pursuing acquisitions, divestitures, financings, dividend distributions or other transactions that, in its judgment could enhance its investment, although such transactions might involve risks to the holders of the Notes. In addition, since we engage in a number of business transactions with MSC, a default by MSC or a dispute between MSC and any principal shareholder in the future could have a material adverse effect on our business, financial condition and results of operations.

Furthermore, the lack of a majority shareholder at MSC could complicate the management of the Group or the ability to agree on certain matters. Without a clear majority, reaching consensus on important decisions might become challenging, potentially leading to delays or conflicts in strategic planning and execution and could affect the overall stability and direction of the Group, which in turn might impact the interests of the Noteholders.

We are exposed to risks related to Group companies that include non-controlling shareholders and our investments with third parties.

We conduct our business through operating subsidiaries that in some cases include non-controlling shareholders and investments with third parties. While we generally consider entering into such partnerships or investments to be positive developments, various disadvantages may result from the participation of non-controlling shareholders whose interests may not always be aligned with ours. Some of these disadvantages may, among other things, result in our inability to implement organizational efficiencies and transfer cash and assets from one subsidiary to another in order to allocate assets most effectively. In addition, we may have to make payments in connection with put options of non-controlling shareholders. See also "*Risk Factors—Risks related to our business—We may face cash expenses in connection with the put option granted to Rekeep Polska's non-controlling shareholder.*"

The claims of the holders of the Notes will be effectively subordinated to the rights of our future secured creditors to the extent of the value of the assets securing such indebtedness that do not constitute Collateral.

On January 24, 2025, the Issuer, jointly with MSC, the direct shareholder of the Issuer, submitted an application with the Italian Golden Power Authority (as defined herein) pursuant to the Italian Golden Power Legislation (as defined herein) with respect to the granting of the Collateral. Subject to the Agreed Security Principles and certain perfection requirements, the Notes will be secured on a first-ranking basis by the Issuer Share Pledge within five Business Days and the rest of the Collateral within 30 calendar days, respectively, from and excluding the later of (i) the Issue Date and (ii) the Italian Golden Power Clearance Date (as defined herein). If the Italian Golden Power Clearance is not obtained, the Notes will remain unsecured obligations of the Issuer. If an event of default occurs when the Notes are unsecured and the obligations under the Notes are accelerated, the Notes and the Notes Guarantee will rank equally with the holders of other unsecured indebtedness of the Issuer and its restricted subsidiaries. The Indenture will also provide for a negative pledge but will allow us and our restricted subsidiaries, subject to specified limitations, to incur other secured indebtedness that will be effectively senior to the Notes and

the Notes Guarantee to the extent of the value of the assets (other than the Collateral) that secure that indebtedness. In the event of any distribution or payment of our assets in any foreclosure, dissolution, winding-up, liquidation, administration, reorganization, or other insolvency or bankruptcy proceeding, the proceeds from the sale of assets (other than the Collateral) securing any such secured indebtedness will be available to pay obligations on the Notes only after all such secured indebtedness (including claims preferred by operation of law) has been paid in full. As a result, holders of Notes may receive less, ratably, than holders of such secured indebtedness. As of September 30, 2024, after giving effect to the Refinancing, other than the Notes offered hereby and the 2021 Revolving Credit Facility, only our BFF Bank Facility (*pro soluto factoring*) and certain Bilateral Facilities were secured. See "*Description of certain financing arrangements—Factoring facilities—non-recourse factoring*" and "*Description of certain financing arrangements—Polish Facilities.*"

We may be subject to a deferral or to a limitation of the deduction of interest expense, including interest expense in respect of the Notes in Italy.

Current tax legislation in Italy (Article 96 of Presidential Decree No. 917 of December 22, 1986, as amended by Legislative Decree No. 142 of November 29, 2018) allows for the full tax deductibility of interest expense incurred by a company in each fiscal year up to the amount of the interest income of the same fiscal year and the interest income carried forward from previous fiscal years. A further deduction of interest expenses in excess of this amount is allowed up to a threshold of 30% of the EBITDA (i.e. *risultato operativo lordo della gestione caratteristica*) ("**ROL**") of the same fiscal year as well as 30% of ROL carried forward from previous fiscal years. The ROL is calculated on the basis of the value of the items of the company's profit and loss account, which are comprised of the operating gross revenues and expenses (excluding depreciation of tangible and intangible assets, as well as leasing fees), as determined through the application of the tax rules concerning the determination of the corporate income taxable base. Interest expenses that are not deductible in a given fiscal year because they exceed the abovementioned thresholds may be indefinitely carried forward and deducted in the following fiscal years, up to the amount of the interest income and ROL capacity not used for interest expenses deductibility purposes in those following fiscal years. Any excess of interest income not utilized in a fiscal year (where interest expense is lower than interest income) can be carried forward indefinitely in the following fiscal years. Any excess of 30% ROL not used for the deduction of the amount of interest expense that exceeds interest income in a fiscal year can be carried forward, increasing the amount of ROL capacity for the following five fiscal years.

In the case of an Italian tax group (*consolidato fiscale nazionale*), interest expenses not deducted by an entity within the tax group due to lack of interest income or ROL can be deducted at the tax group level, within the limit of the excess interest income and excess of ROL of the other companies within the tax group.

Our ability to deduct interest expense in respect of the Notes and other indebtedness incurred by companies within the Group will depend on the ROL and our ability to continue any previously existing tax group arrangement or on applying for a new tax group. Any delay in the effectiveness of a tax group will impact the ability to deduct interest expense. The failure to achieve such a tax group could adversely impact our ability to use ROL to offset interest expense, including, *inter alia,* in respect of any borrowings under the Revolving Credit Facility.

In addition, there can be no assurance that in the case of a tax audit, the relevant tax authorities would not try to challenge the deductibility of interest expenses arising in connection with the component of any financing used, in whole or in part, to refinance an outstanding loan or debt, when the terms and conditions of the refinancing transaction appear less favorable than the ones of the previous financing transaction. In particular, in such circumstances, the relevant tax authorities could argue that the interest expenses arising from such financing do not relate to the business of the borrowing entity (as the relevant transaction is deemed to be "anti-economic" and as such not compliant with the "inherence" principle set out under Italian tax law).

If the Italian tax authorities were to successfully challenge the tax treatment or characterization of any of the transactions performed or of our indebtedness, including the Notes or the use of proceeds from the Offering, including on the basis of anti-abusive criteria, we may be unable to fully deduct our interest expense and could be subject to significant penalties, or other consequences that could have a material adverse effect on our financial condition and results of operations or on our ability to service or otherwise make payments on the Notes and our other indebtedness. For more information, see "*—Risks related to our business—We are from time to time involved in various tax and social security audits and investigations and we may face tax and social security liabilities in the future*."

Moreover, any future changes in Italian tax laws or in their interpretation, including any future limitation on the use of the ROL by the Issuer and its subsidiaries or the tax treatment of interest expense arising from any indebtedness, including the Notes, the failure to satisfy the applicable legal requirements relating to the

deductibility of interest expense or the application by Italian tax authorities of certain existing interpretations of Italian tax law may result in our inability to fully deduct our interest expense, which may have an adverse impact on our financial condition.

Risks related to our indebtedness

Our significant leverage may make it difficult for us to service our debt, including the Notes, and operate our businesses.

Upon completion of the Refinancing, we will continue to have a substantial amount of outstanding debt with significant debt service requirements. As of September 30, 2024, on an as adjusted basis after giving effect to the Refinancing, our consolidated Net Debt as Adjusted would have been €456.4 million. Our significant leverage could have important consequences for you as a holder of the Notes, including:

- making it more difficult for the Issuer and the Guarantors to satisfy their obligations with respect to the Notes, the Notes Guarantees and their other debt and liabilities;
- requiring us to dedicate a substantial portion of our cash flow from operations to payments on our debt, reducing the availability of our cash flow to fund internal growth through capital expenditures and for other general corporate purposes;
- increasing our vulnerability to economic downturns in our industry;
- placing us at a competitive disadvantage compared to our competitors that have less debt in relation to cash flow;
- limiting our flexibility in planning for, or reacting to, changes in our business and our industry;
- restricting us from pursuing acquisitions, or exploiting certain business opportunities;
- limiting, among other things, our ability to borrow additional funds or raise equity capital in the future and increasing the costs of such additional financings; and
- subjecting us to a greater risk of non-compliance with financial and other restrictive covenants in its debt facilities.

Our ability to service our indebtedness will depend on our future performance, which will be affected by prevailing economic conditions and financial, business, regulatory and other factors. Many of these factors are beyond our control. If we cannot service our indebtedness and meet our other obligations and commitments, we might be required to refinance our debt or to dispose of assets to obtain funds for such purpose. We cannot assure you that refinancing or asset dispositions could be effected on a timely basis or satisfactory terms, if at all, or would be permitted by the terms of our debt instruments.

Despite our current significant leverage, we may be able to incur more debt in the future, which could further exacerbate the risks of the Group's leverage. This additional debt may be structurally senior or be secured over assets that do not secure the Notes.

We have incurred significant amounts of debt and may incur more debt in the future, including secured debt. The Revolving Credit Facility Agreement provides for commitments of €55.5 million for available drawings as of the Issue Date. It is expected that the Revolving Credit Facility will be drawn for an amount equal to approximately €15.0 million on or about the Issue Date. In addition, we may incur substantial additional debt in the future. The terms of the Indenture will limit, but not prohibit us from incurring additional debt, including under the Revolving Credit Facility, or by a non-Guarantor or debt that is secured on assets of the Group that do not constitute Collateral, which debt would be satisfied ahead of the Notes and the Notes Guarantees. The incurrence of additional debt would increase the leverage-related risks described in this Offering Memorandum.

We are subject to restrictive covenants under the Revolving Credit Facility and the Indenture which could impair our ability to run our business.

Restrictive covenants under the Revolving Credit Facility and the Indenture may restrict our ability to operate our business. Our failure to comply with these covenants, including as a result of events beyond our control, could

result in an event of default that could materially and adversely affect our business, financial condition and results of operations.

The Revolving Credit Facility and the Indenture will contain negative covenants restricting, among other things, our ability to:

- make certain loans or investments;
- incur indebtedness or issue preferred stock or guarantees;
- create security;
- sell, lease, transfer or dispose of assets;
- merge or consolidate with other companies;
- transfer all or substantially all of our assets;
- make a substantial change to the general nature of our business;
- pay dividends and make other restricted payments;
- create or incur liens;
- agree to limitations on the ability of our subsidiaries to pay dividends or make other distributions;
- engage in sales of assets and subsidiary stock; and
- enter into transactions with affiliates.

The Revolving Credit Facility will also contain a financial covenant that will be tested on a quarterly basis and on any utilization date, provided the aggregate principal amount of outstanding utilizations made in cash (including in relation to letters of credit) under the Revolving Credit Facility exceeds a certain percentage amount of the total commitments under the Revolving Credit Facility. The restrictions contained in the Revolving Credit Facility and the Indenture could affect our ability to operate our business and may limit our ability to react to market conditions or take advantage of potential business opportunities as they arise. For example, such restrictions could adversely affect our ability to finance our operations, make strategic acquisitions, investments or alliances, restructure our organization or finance our capital needs. Additionally, our ability to comply with these covenants and restrictions may be affected by events beyond our control. These include prevailing economic, financial and industry conditions. If we breach any of these covenants or restrictions, we could be in default under the Revolving Credit Facility and/or the Indenture.

If there were an event of default under any of our debt instruments that is not cured or waived, the holders of the defaulted debt could terminate their commitments thereunder and cause all amounts outstanding with respect to such indebtedness to be due and payable immediately, which in turn could result in cross defaults under our other debt instruments, including the Notes. Any such actions could force us into bankruptcy or liquidation, and we may not be able to repay our obligations under the Notes in such an event.

Certain of our debt payment obligations are subject to fluctuations in interest rates.

As of September 30, 2024, on an as adjusted basis after giving effect to the Refinancing, our Net Debt as Adjusted was approximately €456.4 million. Other than the Notes and our Revolving Credit Facility which is expected to be drawn for an amount equal to approximately €15.0 million on the Issue Date, our main sources of financing were: (i) bilateral facilities, (ii) recourse and non-recourse factoring lines and (iii) operating and finance leases. See "*Management's discussion and analysis of financial condition and results of operations—Liquidity and capital resources*" and "*Description of certain financing arrangements*." The Revolving Credit Facility will bear a floating interest rate based on EURIBOR plus a certain margin. If significant fluctuations of floating interest rates occur and cannot be adequately covered through hedging transactions, our interest obligations could become greater, which could adversely affect our business, financial condition and results of operations.

Risks related to the Notes, the Notes Guarantees and the Collateral

On the Issue Date, the Notes are not expected to be secured. The Notes will be secured by the Collateral only after we obtain the Italian Golden Power Clearance, and the outcome of such process is uncertain. Any enforcement of the Collateral may require clearance by the Italian Golden Power Authority under the Italian Golden Power Legislation.

On the Issue Date, the Notes are not expected to be secured. On January 24, 2025, the Issuer and MSC prudentially submitted a filing with the Italian Golden Power Authority pursuant to the Italian Golden Power Legislation to obtain the Italian Golden Power Clearance for the Collateral to secure the Notes. See "*—Risks related to our business—The granting or extension of the Collateral is subject to the Italian Golden Power Clearance pursuant to the Italian Golden Power Legislation. If the Italian Golden Power Authority adopts an extensive interpretation of the Italian Golden Power Legislation and determines that it is applicable to the business of the Issuer and/or the Group, there may be an impact on the Issuer's and the Group's ability to pursue certain transactions*."

Unless the Italian Golden Power Authority prohibits the granting of the Collateral, the Notes will be secured by the Collateral, subject to the Agreed Security Principles, as soon as reasonably practicable and in any event within 30 days from and excluding the later of: (i) the Issue Date, and (ii) the Italian Golden Power Clearance Date. Obtaining the Italian Golden Power Clearance is subject to inherent uncertainties and there is no assurance that it will be obtained.

If the Italian Golden Power Clearance is not granted, the Notes will be unsecured and, as a result, the holders of the Notes will have only an unsecured claim against our assets and the Notes will be effectively subordinated to any, existing or future, secured indebtedness of the Issuer. Any such unsecured claim will rank equally in right of payment with all of the Issuer's other unsecured unsubordinated indebtedness and other obligations, including trade payables. Moreover, our inability to grant the Collateral due to the Italian Golden Power Clearance not being granted will not result in an "event of default" under the Indenture, and will not require the Issuer or any other party to redeem or repurchase the Notes.

In addition, even if the Collateral is granted, any future enforcement of the Collateral (including, without limitation, the exercise of voting rights by the secured creditors) may require a new clearance by the Italian Golden Power Authority under the Italian Golden Power Legislation and there can be no assurance that such clearance will be granted.

Creditors under the Revolving Credit Facility and certain future hedging obligations, if any, and certain debt that we incur in the future may be entitled to be repaid with the proceeds of the Collateral securing the Notes in priority to the Notes.

The terms of the Intercreditor Agreement include requirements that proceeds from enforcement of the Collateral securing the Notes must first be applied in satisfaction in full of obligations under the Revolving Credit Facility and under certain future hedging obligations and certain other indebtedness permitted under the Indenture, if any, and only thereafter to repay the obligations of the Issuer and the Guarantors under the Notes and the Notes Guarantees. Subject to the obtainment of the Italian Golden Power Clearance, the Revolving Credit Facility will also be secured by a special lien (*privilegio speciale*) granted by the Issuer over certain of its present and future movable assets in accordance with Article 46 of the Italian Banking Act and such collateral will not be available to secure the Notes pursuant to applicable Italian law and will be limited in amount to the obligations of the Issuer as borrower under the Revolving Credit Facility from time to time. As any proceeds realized from the enforcement of the *privilegio speciale* will likely be insufficient to repay amounts under the Revolving Credit Facility, in the event of a foreclosure of the Collateral, you may not be able to recover on such Collateral if the then outstanding claims under the Revolving Credit Facility and such amount in respect of such future hedging obligations and any other "super-priority" indebtedness are greater than the proceeds realized. The Indenture and the Intercreditor Agreement will permit, under certain conditions, additional "super priority debt" to be incurred and "super priority" future hedging obligations. As such, in the event of enforcement of the Collateral securing the Notes, you may not be able to recover on the Collateral if the then-outstanding liabilities under such "super priority" debt, including the Revolving Credit Facility and certain future hedging obligations, if any, are greater than the proceeds realized in the event of enforcement of the Collateral securing the Notes.

The providers of the security interests securing the Notes will have control over the Collateral.

The Security Documents will allow the Issuer, the Guarantors and any of the Collateral providers to remain in possession of, retain exclusive control over, freely operate, and collect, invest and dispose of any income from,

the relevant Collateral, to the extent that it relates to their assets. So long as no acceleration event has occurred and subject to certain conditions that may be established in the relevant Security Documents, the Issuer, the Guarantors and any other provider of Collateral, may, among other things, without any release or consent by the Security Agent or the Trustee, conduct ordinary course activities with respect to the Collateral such as selling, optimization, abandoning or otherwise disposing of the Collateral and making ordinary course cash payments, including repayments of indebtedness.

Any of these activities could reduce the value of the Collateral, which could reduce the amounts payable to you from the proceeds of any sale of the Collateral in the case of an enforcement of the liens on the Collateral.

Holders of the Notes may not control certain decisions regarding the Collateral.

To the extent permitted under applicable law, and subject to the Agreed Security Principles and the obtainment of the Italian Golden Power Clearance, the Notes will be secured on a first-ranking basis by substantially the same rights, property and assets securing the obligations under the Revolving Credit Facility (other than the special lien (*privilegio speciale*) which will only secure the Revolving Credit Facility). Furthermore, under the terms of the Indenture, we will be permitted to incur significant additional indebtedness and other obligations that may be secured by the same Collateral.

Pursuant to the Intercreditor Agreement, a common security agent will serve as the Security Agent for the secured parties under the Revolving Credit Facility, the Notes, the hedging arrangements and certain other permitted future indebtedness (if any), respectively, with regard to the shared Collateral (as applicable). The Intercreditor Agreement will provide that the Security Agent will, subject to certain limited exceptions, act to enforce the security interests in the Collateral and take instructions from the relevant secured creditors in respect of the Collateral only at the direction of an "instructing group."

Disputes may occur between the holders of the Notes and creditors under our Revolving Credit Facility, counterparties to certain hedging arrangements, if any, and/or holders of any permitted *pari passu* secured indebtedness as to whether the Security Agent is pursuing enforcement remedies and strategies with respect to the Collateral securing such obligations in a manner which is consistent with the agreed security enforcement principles. In such an event, the holders of the Notes will be required to consult with the Security Agent for a period of 15 days with a view to agreeing the manner of enforcement, and following such consultation the holder of the Notes will be bound by any decisions of the relevant instructing group, which may result in enforcement action in respect of the relevant Collateral, whether or not such action is approved by the holders of the Notes or may be adverse to such holders of Notes. The creditors under the Revolving Credit Facility, counterparties to certain hedging arrangements, if any, or the holders of any permitted *pari passu* secured indebtedness may have interests that are different from the interest of holders of the Notes and they may elect to pursue their remedies under the relevant Security Documents at a time when it would otherwise be disadvantageous for the holders of the Notes to do so.

Other creditors not party to the Intercreditor Agreement could commence enforcement action against the Issuer or one or more of its subsidiaries or its shareholders during the consultation period, the Issuer or one or more of its subsidiaries or its shareholders could seek protection under applicable bankruptcy laws, or the value of certain Collateral could otherwise be impaired or reduced in value. In addition, if we incur substantial additional indebtedness which may be secured on the Collateral, the holders of the Notes may not comprise the requisite majority senior secured creditors for the purposes of instructing the Security Agent. Further, if the super senior creditors have not been repaid in full within six months of the date on which the group of creditors that wish to instruct the Security Agent to commence enforcement in respect of the Collateral deliver a copy of the proposed instructions to the Security Agent and the creditor representatives for (as applicable) the holders of the Notes and creditors under our Revolving Credit Facility, counterparties to certain hedging arrangements, if any, and/or holders of any permitted *pari passu* secured indebtedness, then control of the enforcement proceedings will shift to the majority super senior creditors.

The holders of the Notes will also have no separate right to enforce the Collateral securing the Notes. In addition, the holders of the Notes will not be able to instruct the Security Agent, force a sale of Collateral or otherwise independently pursue the remedies of a secured creditor under the relevant Security Documents and the Indenture, unless they comprise an instructing group which is entitled to give such instructions, which, in turn, will depend on certain conditions and circumstances including those described above.

In addition, if the Security Agent sells any of the Collateral as a result of an enforcement action in accordance with the Intercreditor Agreement, claims under the Notes and the Notes Guarantees and over any other assets

securing the Notes may be released. See "*Description of Certain Financing Arrangements—Intercreditor Agreement*" and "*Description of the Notes—Security—Release of Liens*."

The security interests in the Collateral will be granted to the Security Agent rather than directly to the holders of the Notes. The ability of the Security Agent to enforce the Collateral may be restricted by local law.

The security interests in the Collateral that will secure the obligations of the Issuer under the Notes will not be granted directly to the holders of the Notes but to the Security Agent, and thus the holders of the Notes will not have any independent power to enforce, or have recourse to, any of the Security Documents or to exercise any rights or powers arising under the Security Documents except through the Security Agent as provided in the Intercreditor Agreement. By accepting a Note, you will be deemed to have agreed to these restrictions. As a result of these restrictions, holders of the Notes will have limited remedies and recourse against us in the event of a default. See "*Description of Certain Financing Arrangements—Intercreditor Agreement*."

In addition, the ability of the Security Agent to enforce the security interests is subject to mandatory provisions of the laws of each jurisdiction in which security interests over the Collateral are taken, including Italian law. For example, the laws of certain jurisdictions may not allow for the appropriation of certain pledged assets, but require a sale through a public auction and certain waiting periods may apply. There is some uncertainty under the laws of certain jurisdictions as to whether obligations to beneficial owners of the Notes that are not identified as registered holders in, nor are directly parties to, a security document will be validly secured and/or can be enforced; this area of law is untested in the courts of certain jurisdictions (including the Republic of Italy). In certain jurisdictions, due to the laws and other jurisprudence governing the creation and perfection of security interests and the enforceability of such security interests, the Intercreditor Agreement will provide for the creation of "parallel debt" obligations in favor of the relevant Security Agent ("**Parallel Debt**") mirroring the obligations of the Issuer and any Guarantor owed to holders of the Notes under or in connection with the Indenture, as applicable ("**Principal Obligations**"), but in jurisdictions such as Italy, these Parallel Debt provisions would not be applicable provided Italian case law has not ruled for its application. All or part of the pledges and other security interests will be granted to the Security Agent as security interests for the Parallel Debt and will not directly secure the Principal Obligations. Under the provisions of the Intercreditor Agreement, the Parallel Debt will be at all times in the same amount and payable at the same time as the Principal Obligations and any payment in respect of the Principal Obligations shall discharge the corresponding Parallel Debt and any payment in respect of the Parallel Debt shall discharge the corresponding Principal Obligations. In respect of the security interests granted to secure the Parallel Debt, the holders of the Notes will not have direct security interests and will not be entitled to take enforcement actions in respect of such security interests except through the Security Agent. Therefore, the holders of the Notes will bear the risk of insolvency or bankruptcy of the Security Agent. In addition, the Parallel Debt construct in financing transactions, including credit facilities and bond issuances, has not been tested under certain of these jurisdictions (including under Italian law), and to the extent that the security interests in the Collateral created to secure the Parallel Debt construct are not validly granted, are unenforceable or are successfully challenged by other parties, holders of the Notes will not receive any proceeds from an enforcement of such security interests in the Collateral.

Enforcement of the Collateral may also be subject to certain statutory limitations and defenses or to limitations indicated in the Security Documents and designed to ensure compliance with applicable statutory requirements. The grant of the Collateral to secure the Notes may be voidable by the grantor or by an insolvency trustee, liquidator, receiver or administrator or by other creditors, or may be otherwise set aside by a court, or be unenforceable if certain events or circumstances exist or occur, including, amongst others, if the grantor is deemed to be insolvent at the time of the grant, or if the grant permits the secured parties to receive a greater recovery than if the grant had not been given and an insolvency proceeding in respect of the grantor is commenced within a legally specified "clawback" period following the grant. To the extent that the grant of any security interest is voided, holders of the Notes would lose the benefit of the relevant security interest.

In Italy, the Collateral will not be granted directly to the holders of the Notes but will be created and perfected in favor of the Security Agent, acting also in its capacity as representative (*rappresentante*) of the holders of the Notes pursuant to Article 2414-bis, paragraph 3, of the Italian Civil Code. Under such provision (introduced by Italian Law No. 164 of November 11, 2014), the security interests and guarantees assisting bond issuances can be validly created in favor of an agent (*rappresentante*) of the holders of the Notes who will then be entitled to exercise in the name and on behalf of the holders all their rights (including any rights before any court and judicial proceedings) relating to the security interests and guarantees. However, there is no guidance or available case law on the exercise of the rights and enforcement of such security interest and guarantee by a *rappresentante* pursuant to Article 2414-bis, paragraph 3, of the Italian Civil Code also in the name and on behalf of the holders of the

Notes which are neither directly parties to the Collateral nor are specifically identified therein or in the relevant share certificates and corporate documents or public registries.

Furthermore, under Italian law, in the event that the Issuer enters into insolvency proceedings, the security interests created under the security documents entered into to secure the Issuer's obligations under the Notes could be subject to potential challenges by an insolvency administrator or by other creditors of the Issuer under the rules of avoidance or claw back of Italian insolvency laws and the relevant law on the non-insolvency avoidance or claw back of transactions by the debtor made during a certain legally specified period (the "**suspect period**"). A longer period may apply to any Collateral governed by Italian law which may be granted after the Offering. Moreover, under Italian law, claims of certain categories of creditors (*creditori privilegiati*) are given statutory priority in relation to the proceeds of a debtor's property in respect of the claims of other creditors, even if such claims are secured claims. See "*Certain Limitations on Validity and Enforceability of the Notes Guarantees and the Collateral and Certain Insolvency Law Considerations*."

The enforcement of any Collateral located in Italy or governed by Italian law is subject to mandatory provisions of Italian law, including in relation to limitations and defenses or to limitations contained in the terms of the Security Documents designed to ensure compliance with applicable statutory requirements. If challenged successfully the guarantee or the security interest may become unenforceable and any amounts received must be refunded to the insolvent estate. To the extent that the grant of any security interest or guarantee is voided, the holders of the Notes could lose the benefit of the security interest or guarantee and may not be able to recover any amounts under the related security documents. In case of insolvency of a Guarantor, the enforcement of any collateral provided by such Guarantor and/or the relevant Notes Guarantees may be subject to certain restrictions. For a more detailed description of various limitations on the security under Italian law, see "*Certain Limitations on Validity and Enforceability of the Notes Guarantees and the Collateral and Certain Insolvency Law Considerations*."

Your rights in the Collateral securing the Notes may be adversely affected by the failure to perfect security interests in the Collateral.

Under Italian law, a security interest in certain tangible and intangible assets can only be properly perfected and thus retain its priority if certain actions are undertaken by the secured party and/or the grantor of the security interest. The security interests in the Collateral may not be perfected with respect to the claims of the Notes if we or the Security Agent fail or are unable to take the actions required to perfect the security interest. Any failure to perfect a security interest, including on a timely basis prior to claims made by third parties, may result in the ineffectiveness of the relevant security interest in the Collateral, the holder of the security interest having difficulty enforcing such holder's right in the Collateral or adversely affect the priority of such security interest in favor of third parties, including a trustee in bankruptcy or judicial liquidation (as applicable) and other creditors who claim a security interest in the same Collateral, which may have a material adverse effect on the ability of the holders of the Notes to receive proceeds from any enforcement of the Collateral. The Trustee and the Security Agent will not be under any obligation or responsibility to take any steps or actions to perfect, or ensure the perfection of, any such security interest.

The Collateral and the Notes Guarantees will be subject to exceptions, defects, encumbrances, liens and other imperfections permitted under the Indenture and the Intercreditor Agreement, whether on or after the date the Notes are first issued. The existence of such exceptions, defects, encumbrances, liens and other imperfections could adversely affect the value of the Collateral and the Notes Guarantees, as well as the ability of the Security Agent to realize or foreclose on such Collateral and the Notes Guarantees. The Security Agent may be required to obtain, on behalf of the secured creditors, a separate Italian Golden Power Clearance under the Italian Golden Power Legislation in order to enforce the Collateral, and any such delay could devalue the Collateral. Furthermore, the first– priority ranking of security interests can be affected by a variety of factors, including the timely satisfaction of perfection requirements, statutory liens or re-characterization under applicable law.

The value of the assets securing the Notes may not be sufficient to satisfy our obligations under the Notes or the Notes Guarantees.

The obligations under the Notes will, subject to the obtainment of the Italian Golden Power Clearance, be secured on a first-ranking basis with security interests over the Collateral that also secure, or will secure, our obligations under the Revolving Credit Facility and certain other indebtedness. See "*Description of the Notes—Security*." If we default on the Notes, holders of the Notes will be secured only to the extent of the value of the assets underlying the security interests granted in favor of holders of the Notes. See "*Description of the Notes—Security.*" In the event of an enforcement of the security interests in respect of the Collateral, the proceeds from the sale of the

assets underlying the Collateral may not be sufficient to satisfy the Issuer's obligations with respect to the Notes. As described elsewhere, the extent of the Collateral is limited and, in accordance with the Agreed Security Principles, the Notes Guarantees and/or security interests for the Notes shall only be granted by certain entities. See "*Description of the Notes—Security*."

The Collateral will be subject to exceptions, defects, encumbrances, liens, loss of legal perfection and other imperfections permitted under the Indenture and the Intercreditor Agreement and accepted by other creditors that have the benefit of first-priority security interests in the Collateral from time to time, whether on or after the date the Notes are first issued. The existence of any such exceptions, defects, encumbrances, liens, loss of legal perfection and other imperfections could adversely affect the value of the Collateral, as well as the ability of the Security Agent to realize or foreclose on such Collateral. Furthermore, the first-priority ranking of security interests can be affected by a variety of factors, including, among others, the timely satisfaction of perfection requirements, statutory liens or re-characterization under the laws of Italy.

Most of our assets will not secure the Notes and it is possible that the value of the Collateral will not be sufficient to cover the amount of indebtedness secured by such Collateral. With respect to any shares of our subsidiaries pledged to secure the Notes, such shares may also have limited value in the event of bankruptcy, insolvency and/or judicial liquidation or other similar proceedings in relation to the entity's shares that have been pledged because all of the obligations of the entity whose shares have been pledged must first be satisfied, leaving little or no remaining assets in the pledged entity. As a result, the creditors secured by a pledge of the shares of these entities may not recover anything of value in the case of an enforcement sale. In addition, the value of the Collateral may decline over time. If the proceeds of the Collateral are insufficient to repay all amounts due on the Notes, the holders of the relevant Notes (to the extent not repaid from the proceeds of the sale of the relevant Collateral) would have only a senior unsecured, unsubordinated claim against the relevant Issuer's and the Guarantors' remaining assets, as the case may be.

No appraisals of any Collateral have been prepared in connection with the offering of the Notes. The value of the Collateral at any time will depend on market and other economic conditions, including the availability of suitable buyers. By their nature, the assets comprised in the Collateral may be illiquid and may have no readily ascertainable market value. Given our competitive position in, and the nature of, the Italian facilities management market, there may not be any buyer willing and able to purchase our business as a going concern, or willing to buy a significant portion of our assets in the event of an enforcement action. We cannot assure you that the fair market value of the Collateral as of the date of this Offering Memorandum exceeds the principal amount of the Notes. The value of the assets comprised in the Collateral for the Notes could be impaired in the future as a result of changes in the markets in which we operate, changes in exchange rates, our failure to implement our business strategies and achieve our business targets successfully, our failure to compete successfully in our industry and other future trends and developments. In the event of a foreclosure, dissolution, winding-up, liquidation, reorganization, administration, bankruptcy, insolvency or similar proceeding, the Collateral may not be sold in a timely or orderly manner, and the proceeds from any sale or liquidation of this Collateral may not be sufficient to repay the obligations under the Revolving Credit Facility and the Notes. We may also incur substantial additional debt in the future which may be secured on the Collateral on a *pari passu* basis with the Notes which may reduce or dilute your recovery in the event of a foreclosure on the Collateral.

The security interest will be subject to practical problems generally associated with the realization of security interests in the Collateral. For example, the Security Agent may be required to obtain the consent of a third party and/or court order to obtain or enforce a security interest in a contract. In addition, our business requires a variety of national and local permits and licenses and it is subject to regulations and permitting requirements and may be adversely affected if we are unable to comply with existing regulations or requirements or if changes in applicable regulations or requirements occur. We cannot assure you that the Security Agent will be able to obtain any such consent. We also cannot assure you that the consents of any third parties or court orders will be given or granted when required to facilitate enforcement on such assets. Accordingly, the Security Agent may not have the ability to enforce upon those assets and the value of the Collateral may significantly decrease. Obtaining the Italian Golden Power Clearance pursuant to the Italian Golden Power Legislation is subject to inherent uncertainties and there is no assurance that it will be obtained. See "*—On the Issue Date, the Notes are not expected to be secured. The Notes will be secured by the Collateral only after we obtain the Italian Golden Power Clearance, and the outcome of such process is uncertain. Any enforcement of the Collateral may require clearance by the Italian Golden Power Authority under the Italian Golden Power Legislation*."

The Indenture will also permit the granting of certain liens on the Collateral other than those in favor of the holders of the Notes. To the extent that holders of other secured indebtedness or third parties are secured by liens, including statutory liens, whether or not permitted by the Indenture or the Security Documents, such holders or third parties

may have rights and remedies with respect to such assets which, if exercised, could reduce the proceeds available to satisfy our obligations under the Notes. In particular by operation of the terms of the Intercreditor Agreement, security interests in the Collateral may be released if a lien is granted on the Collateral in favor of other indebtedness so long as such lien is a Permitted Lien (as defined under "*Description of the Notes—Certain Definitions—Permitted Liens*"). Moreover, if we issue additional Notes under the Indenture, holders of such Notes would benefit from the same collateral as the holders of the Notes being offered hereby, thereby diluting your ability to benefit from the liens on the Collateral.

There are circumstances other than repayment or discharge of the Notes under which the Notes Guarantees will be released without your consent or the consent of the Trustee.

The Indenture and the agreement governing the Revolving Credit Facility will, subject to specified limitations, permit our non-Guarantors subsidiaries to incur additional indebtedness and will not contain any limitation on the amount of other liabilities, such as trade payables, that they may incur. In addition, under certain circumstances, the Notes Guarantees of a Guarantors may be released automatically (see "*Description of the Notes—Notes Guarantees—Notes Guarantees Release*"), including, without limitation:

- upon a sale or other disposition (including by way of consolidation or merger) of the capital stock of a Guarantor (whether by direct sale or sale of a holding company) or the sale or disposition of all or substantially all the assets of a Guarantor if the sale or other disposition does not violate the Indenture, the Intercreditor Agreement or any additional intercreditor agreement and such Guarantor ceases to be a restricted subsidiary as a result of the sale or other disposition;
- upon the designation in accordance with the Indenture of a Guarantor as an Unrestricted Subsidiary (as defined in "*Description of the Notes*");
- upon legal defeasance, covenant defeasance or satisfaction and discharge of the Indenture;
- pursuant to the provisions of the Intercreditor Agreement or any additional intercreditor agreement;
- as described under "Description of the Notes—Amendments and Waivers";
- upon release of the guarantee of other indebtedness which gave rise to the obligation to provide such additional Notes Guarantees;
- in connection with a Permitted Reorganization (as defined under "*Description of the Notes—Certain definitions*"); or
- as a result of a transaction that would not be prohibited under the covenant described under "*Description of the Notes—Certain covenants—Merger and Consolidation.*"

There are circumstances other than repayment or discharge of the Notes under which the Collateral securing the Notes will be released without your consent or the consent of the Trustee.

Under various circumstances, the Collateral will be released unconditionally without your consent or the consent of the Trustee, including, without limitation:

- in connection with any sale or other disposition of Collateral, directly or indirectly, to a person that is not (either before or after giving effect to such transaction) the Issuer or any restricted subsidiary (but excluding any transaction subject to the covenant described under "*Description of the Notes—Certain Covenants—Merger and Consolidation*"), if the sale or other disposition does not violate the provisions of the Indenture; *provided* that any transfer of the capital stock, interest in receivables under proceeds loans owed to the Issuer or accounts receivables to a restricted subsidiary unless the relevant property and assets remain subject to, otherwise become subject to a Lien in favor of the Notes following such transfer, sale or disposal;
- in the case of a Guarantor that is released from its Notes Guarantee pursuant to the terms of the Indenture, the release of the property and assets, and capital Stock, of such Guarantor;
- as described under "*Description of the Notes—Amendments and Waivers*";
- upon legal defeasance, covenant defeasance or satisfaction and discharge of the Indenture;

- if the Issuer designates any Restricted Subsidiary to be an Unrestricted Subsidiary (as defined in "*Description of the Notes*") in accordance with the applicable provisions of the Indenture, the release of the property and assets, and capital stock, of such Unrestricted Subsidiary;
- in the case of any security interest over intra-group receivables (if any), upon partial repayment or discharge thereof (in proportion to such partial repayment or discharge), and in full upon full repayment or discharge;
- upon the contribution of any claim of the Issuer or any restricted subsidiary, which is subject to a lien, to the equity of the Issuer or a restricted subsidiary; *provided* that such contribution is made in compliance with the Intercreditor Agreement;
- in connection with a transaction permitted by the covenant described under "*Description of the Notes—Certain Covenants—Merger and Consolidation*" or as may be permitted under "*Description of the Notes—Certain Covenants—Impairment of Security Interest*";
- in connection with a Permitted Reorganization;
- in connection with an Initial Public Offering of the Issuer; or

as otherwise permitted in accordance with the Indenture or the Intercreditor Agreement.

The Indenture also provides that the Collateral securing the Notes may be released and retaken in several circumstances, including in connection with the refinancing of certain indebtedness, including the Notes. In Italy, such a release and retaking of Collateral may give rise to the start of a new "hardening period" in respect of such Collateral. Under certain circumstances, other creditors, insolvency administrators or representatives or courts could challenge the validity and enforceability of the grant of such Collateral. Any such challenge, if successful, could potentially limit your recovery in respect of such Collateral and thus reduce your recovery under the Notes. See "*Description of the Notes—Security—Release of Liens*."

Italian corporate law (articles 2497-quinquies and 2467 of the Italian Civil Code) provides for rules to protect creditors against "undercapitalized companies" and provides for remedies in respect thereof.

In this respect, in case of a loan to a company made by (i) a person that, directly or indirectly, directs the company or exercises management and coordination powers over that borrowing company or (ii) any entity subject to the management and coordination powers of the same person or (iii) a quotaholder in the case of a company incorporated in Italy as a *società a responsabilità limitata*, such loan will be subordinated to all other creditors of that borrower and rank senior only to the equity in that borrower if the loan is made when, taking into account the kind of business of the borrower, there was an excessive imbalance of the borrower's indebtedness compared to its net assets or the borrower was already in a financial situation requiring an injection of equity and not a loan ("**undercapitalization**"). Pursuant to Article 164 of the Italian Insolvency Code (as defined below), any payment made by the borrower with respect to any such loan within one year prior to the judicial liquidation declaration are ineffective by operation of law. The new provision replaced Article 2467, paragraph 1, of the Italian Civil Code, according to which such payments would be required to be returned to the borrower. For a more detailed explanation of the terms, conditions and consequences of claw back actions in an insolvency scenario, see "*Certain Limitations on Validity and Enforceability of the Notes Guarantees and the Collateral and Certain Insolvency Law Considerations—Italy—Limitations on Validity and Enforceability of the Notes Guarantees and the Collateral under Italian Law*." In addition to that, Article 292, paragraph 1, of the Italian Insolvency Code provides that claims of entities exercising management and coordination powers vis-à-vis the entities subject to such powers deriving from loans granted after the filing of petitions resulting in the opening of judicial liquidation in the year before, are subordinated and payment made by the borrower with respect to any such loan within one year prior to the judicial liquidation declaration are ineffective by operation of law. The above rules apply to shareholders' loans "made in any form" and scholars generally conclude that such provisions should be interpreted broadly and apply to any form of financial support provided to a company by its shareholders, either directly or indirectly.

As of the date of this offering memorandum, there are several court precedents interpreting the provisions relating to Article 2467 of the Italian Civil Code summarized above. Some of such precedents have held that Article 2467 of the Italian Civil Code also applies to companies incorporated as joint stock companies (*società per azioni*), hence potentially to the Italian borrowers under the intercompany loans that are incorporated as joint stock companies (*società per azioni*).

Therefore, upon the occurrence of the requirements provided for by the relevant provisions, Italian courts may apply such provisions of the Italian Civil Code to the Issuer's relationship with Italian subsidiaries under the relevant intercompany loans. Accordingly, an Italian court may conclude that the obligations of any Italian subsidiary under any intercompany loan are subordinated to all its obligations towards other creditors. Should any of the obligations of any subsidiary under any intercompany loan or note be deemed subordinated to the obligations owed to other creditors by operation of law and senior only to the equity, the Issuer may not be able to recover any amounts under any intercompany loan or note granted to the Italian subsidiaries, which could have a material adverse effect on the Issuer's ability to meet its payment obligations under the Notes.

Moreover, in circumstances where any obligations of an Italian subsidiary under any intercompany loans or notes are subordinated by operation of law, the ability of the holders of the Notes to recover under any Collateral created over such intercompany loans or notes or any guarantees and/or security interests granted by such Italian subsidiaries (including the Notes Guarantee) may be impaired or restricted.

Corporate benefit, financial assistance laws, capital maintenance and other limitations on the Notes Guarantees and the Collateral may adversely affect the validity and enforceability of the Notes Guarantees and the Collateral.

The Issuer, MSC and the Guarantors are incorporated and organized under the laws of Italy. Enforcement of the obligations under the Notes Guarantees against, and/or any Collateral provided by, as applicable, the Guarantors and/ or Collateral provider will be subject to certain defenses available to the Issuer or the relevant guarantor or the security provider, as the case may be. These laws and defenses may include those that relate to fraudulent conveyance or transfer, financial assistance, corporate benefit, capital maintenance, preservation of share capital, liquidity maintenance, voidable preferences, thin capitalization or similar laws as well as regulations or defenses affecting the rights of creditors generally, by limiting the amounts recoverable under the Notes Guarantees and the Collateral, as applicable, and the amounts recoverable thereunder will be limited to the maximum amount that can be guaranteed or secured by the relevant Guarantor or the relevant security provider under the applicable laws, to the extent that the granting of such Notes Guarantee or Collateral is not in the relevant Guarantor's or relevant security provider's corporate interests, or the burden of such Notes Guarantee or Collateral exceeds the benefit to the relevant Guarantor or relevant security provider, or such Notes Guarantee or Collateral would be in breach of capital maintenance, financial assistance, liquidity maintenance or thin capitalization rules or any other general statutory laws and/or would cause the directors of such subsidiary guarantor or security provider to contravene their fiduciary duties and incur civil or criminal liability. An increase in the amount of debt that benefits from the Notes Guarantees without a corresponding increase in the amount of the Notes Guarantees will dilute the value of the Notes Guarantees to its beneficiaries, including the holders of the Notes.

Accordingly, enforcement of the Notes Guarantees against the Guarantors would be subject to certain defenses available to guarantors generally or, in some cases, to limitations contained in the terms of the Notes Guarantees designed to ensure compliance with statutory requirements applicable to the Guarantors. As a result, the relevant Guarantor's liability under its relevant Notes Guarantee could be materially reduced or eliminated, depending upon the law applicable to it.

It is possible that the Guarantors or a grantor of security, or a creditor of a Guarantor, or of a grantor of security, or the bankruptcy trustee or judicial liquidation receiver in the case of a bankruptcy, insolvency and/or judicial liquidation (as applicable) of a Guarantor or a grantor of security, may contest the validity and enforceability of such Guarantor's Notes Guarantee or grantor's creation of security on any of the above grounds and the applicable court may determine that the Notes Guarantee or the relevant security interest should be limited or voided. In the event that the Notes Guarantees or security interest are invalid or unenforceable, in whole or in part, or to the extent that agreed limitations on the Notes Guarantees or security obligation apply, the Notes would to that extent be structurally subordinated to all liabilities of the relevant Guarantor or security grantor, including trade payables of such Guarantor or grantor. Any future Notes Guarantees required to be granted under the Indenture may be subject to similar limitations. See "*Certain Limitations on Validity and Enforceability of the Notes Guarantees and the Collateral and Certain Insolvency Law Considerations*."

The insolvency laws of Italy may not be as favorable to holders of Notes as U.S. insolvency laws or those of another jurisdiction with which you may be familiar; other limitations on the Notes Guarantees and the security interests in the Collateral, including fraudulent conveyance statutes, may adversely affect their validity and enforceability.

The Issuer and the Guarantors are incorporated in Italy. There is a rebuttable presumption that the "centre of main interest" as defined in Regulation (EU) No. 2015/848 of the European Parliament and of the Council of May 20,

2015 on insolvency proceedings (the "**Insolvency Regulation**") is the jurisdiction where the registered office is situated. In accordance with Council Regulation (EC) No. 1346/2000 of May 29, 2000 on insolvency proceedings, as amended, the main insolvency proceedings are opened in the jurisdiction in which the debtor has its "center of main interests." Accordingly, insolvency proceedings with respect to these companies may proceed under, and be governed by, Italian insolvency law. The insolvency laws of Italy may not be as favorable to your interests as those of the United States or another jurisdiction with which you may be familiar. In the event that any one or more of the Issuer, the Guarantors or any other of the Issuer's subsidiaries experiences financial difficulty, it is not possible to predict with certainty in which jurisdiction or jurisdictions insolvency or similar proceedings would be commenced, or the outcome of such proceedings (which may be significantly longer than the duration of analogous proceedings in jurisdictions you may be familiar with). Proceedings could be initiated in Italy or any other relevant jurisdiction, and your rights under the Notes and the Guarantees will be subject to the insolvency and administrative laws of Italy and any other relevant jurisdiction.

In addition, Italian insolvency laws and regulations have been replaced by a new crisis and insolvency code – introduced by virtue of, among others, Legislative Decree No. 14 of January 12, 2019 implementing the guidelines contained in Law No. 155 dated October 19, 2017 (as subsequently amended and supplemented, the "**Italian Insolvency Code**", also known as the Code of Business Crisis and Insolvency) – being a comprehensive and in material respects innovative legal framework regulating, among others, insolvency matters. Other than for minor changes in certain provisions of the Italian Civil Code, which already entered into force on March 16, 2019, the Italian Insolvency Code came into force starting from July 15, 2022. The previous Italian Bankruptcy Law (*i.e.*, the Royal Decree No.267 of March 16, 1942) continues to apply only to filings for proposals of declaration of insolvency procedures and bankruptcy restructuring plans (*concordato fallimentare*) and filings seeking the approval of debt restructuring agreements (*accordo di ristrutturazione dei debiti*) or the opening of a composition with creditors proceeding (*concordato preventivo*), in each case filed or pending before July 15, 2022. As at the date of this offering memorandum, the vast majority of the provisions of the Italian Insolvency Code are untested in Italian courts and there is no guidance or case law available yet on its application. Considering the sweeping nature of this reform and the absence of judicial guidance, the impact cannot be predicted or fully assessed as of the date of this offering memorandum. For an overview of certain insolvency laws and enforceability issues as they relate to the guarantees and Security Interests, see "*Certain Limitations on Validity and Enforceability of the Notes Guarantees and the Collateral and Certain Insolvency Law Considerations*."

In particular, the Indenture and the Intercreditor Agreement could be limited in scope and effect by Italian courts to the extent its covenants and provisions, which are largely untested under Italian case law, could be considered to conflict with mandatory provisions of Italian law. As a consequence, enforcement of rights under the Notes, the Notes Guarantees and the Collateral in an insolvency situation may be delayed and be complex and costly for creditors. See "*Certain Limitations on Validity and Enforceability of the Notes Guarantees and the Collateral and Certain Insolvency Law Considerations*."

Although laws differ across jurisdictions, in general, applicable fraudulent transfer and conveyance and equitable principles, insolvency laws and limitations on the enforceability of judgments obtained in courts in such jurisdictions could limit the enforceability of the Notes against the Issuer, the enforceability of the Notes Guarantees against the Guarantors, the enforceability of any other guarantee of the Notes and the enforceability of the security interests in the Collateral. In certain circumstances the court may also void the security interest or the relevant Notes Guarantee if the company is close to or near insolvency. The following discussion of fraudulent transfer, conveyance and insolvency law, although an overview, describes generally applicable terms and principles, which are defined under the relevant jurisdiction's fraudulent transfer and insolvency statutes.

In an insolvency proceeding, it is possible that creditors of a Guarantor or the appointed insolvency administrator may challenge the relevant Notes Guarantee, as and when granted, and the security interests, and intercompany obligations generally, as preferences, transaction at an undervalue, invalid charges, fraudulent transfers or conveyances or on other grounds. If so, such laws may permit a court, if it makes certain findings, to:

- avoid or invalidate all or a portion of such Guarantor's obligations under its Notes Guarantee or the security interests provided by such security provider;
- direct that the Issuer and the holders of the Notes return any amounts paid under the Notes Guarantees or any security interest or the Collateral to the relevant Guarantor or the relevant security provider or to a fund for the benefit of such Guarantor's or security provider's creditors; and
- take other action that is detrimental to you.

If we cannot satisfy our obligations under the Notes and any Notes Guarantees or security interests are found to be a preferences, transactions at an undervalue, fraudulent transfers or conveyances or if otherwise set aside, we cannot assure you that we can ever repay in full any amounts outstanding under the Notes. In addition, the liability of any Guarantor or of any security provider under its Notes Guarantee or the security interests will be limited to the amount that will result in the relevant Notes Guarantee or the relevant security interests not constituting a fraudulent conveyance or improper corporate distribution or otherwise being set aside.

The amount recoverable from the Guarantors and security providers under the Security Documents will also be limited. However, there can be no assurance as to what standard a court would apply in making a determination of the maximum liability of each. There is also the possibility that the entire Notes Guarantees or security interest may be set aside, in which case the entire liability may be extinguished. See also "—*Corporate benefit, financial assistance laws, capital maintenance and other limitations on the Notes Guarantees and the Collateral may adversely affect the validity and enforceability of the Notes Guarantees and the Collateral.*"

In order to initiate any of these actions under fraudulent transfer or other applicable principles, courts would, for example, need to find that, at the time the Notes Guarantees were issued or the security interests created, the relevant Guarantor or security provider:

- issued such Notes Guarantee or created such security interest with the intent of hindering, delaying or defrauding current or future creditors or with a desire to prefer some creditors over others, or created such security after its insolvency;
- issued such Notes Guarantee or created such security interest in a situation where a prudent business person as a shareholder of such Guarantor or security provider would have contributed equity to such Guarantor or security provider or where the relevant beneficiary of the relevant Notes Guarantee or security interest knew or should have known that such Guarantor or security provider was insolvent or a filing for insolvency had been made;
- received less than reasonably equivalent value for incurring the debt represented by its Notes Guarantee or security interest on the basis that its Notes Guarantee or security interest were incurred for our benefit, and only indirectly such Guarantor's or security provider's benefit, or on some other basis and (i) was insolvent or rendered insolvent by reason of the issuance of its Notes Guarantee or the creation of the security interest, or subsequently became insolvent for other reasons, (ii) was engaged, or was about to engage, in a business transaction for which such Guarantor's or security provider's assets were unreasonably small or (iii) intended to incur, or believed it would incur, debts beyond its ability to make required payments as and when they would become due;
- the relevant Notes Guarantee or security interest was entered into within a certain time period prior to the opening date of insolvency proceedings of such Guarantor or collateral provider; or
- the amount paid or payable was in excess of the maximum amount permitted under applicable law.

Different jurisdictions evaluate insolvency on various criteria, but a guarantor or security provider generally may, in different jurisdictions, be considered insolvent at the time it issued a notes guarantee or created any security interest if:

- its liabilities exceed the fair market value of its assets;
- it cannot pay its debts as and when they become due; or
- the present saleable value of its assets is less than the amount required to pay its total existing debts and liabilities, including contingent and prospective liabilities, as they mature or become absolute.

Although we believe that we and the Group are solvent, and will be so after giving effect to the Refinancing, there can be no assurance as to which standard a court would apply in determining whether a Guarantor or a security provider was "insolvent" as of the date its Notes Guarantee was issued or the security interests were created or that, regardless of the method of valuation, a court would not determine that a Guarantor or security provider was insolvent on that date, or that a court would not determine, regardless of whether or not a Guarantor or a security provider was insolvent on the date its Notes Guarantee was issued or the security interests were created, that payments to holders of the Notes constituted fraudulent transfers on other grounds.

Under Italian law, in the event that the Issuer or the relevant guarantor and/or security provider enters into insolvency proceedings, the guarantee and or the security interests granted to guarantee or secure (as applicable) the Notes could be subject to potential challenges by any insolvency administrator or by other creditors or by operation of law under the rules of avoidance or clawback (*revocatoria*) of Italian Bankruptcy Law (to the extent applicable), the Italian Insolvency Code and the relevant law on the non-insolvency avoidance or clawback of transactions made by the debtor during a certain legally specified period (the "*suspect period*"). The avoidance or clawback may relate to (i) transactions made by the debtor within a suspect period of one year prior to the declaration of the insolvency at below market value (i.e. to the extent the asset or obligation given or undertaken exceeds by one-quarter the value of the consideration received by the debtor), or involving unusual means of payment (e.g., payment in kind) or security taken after the creation of the secured obligations, whereby the creditor must prove its lack of knowledge of the state of insolvency of the relevant entity in order to rebut any clawback action, (ii) security granted in order to secure a debt due and payable, whereby the creditor must prove his lack of knowledge of the state of insolvency of the relevant entity in order to rebut any clawback action during the suspect period of six months prior to the declaration of the insolvency, and (iii) payments of due and payable obligations, transactions at arm's length or security taken simultaneously to the creation of the secured obligations during the suspect period of six months prior to the declaration of the insolvency, whereby the insolvency administrator must prove that the creditor was aware of the state of insolvency of the relevant entity in order to enforce any clawback action. See "*Certain Limitations on Validity and Enforceability of the Notes Guarantees and the Collateral and Certain Insolvency Law Considerations*" for further information.

Under Article 163 of the Italian Insolvency Code, all transactions without consideration are ineffective *vis-à-vis* creditors if entered into by the debtor in the two-year period prior to the insolvency declaration. In addition, under Article 164 of the Italian Insolvency Code, payments of receivables falling due on the day of the insolvency declaration or thereafter are ineffective *vis-à-vis* creditors, if made by the insolvent entity in the two-year period prior to insolvency. In addition, the Insolvency Regulation contains conflicts of law rules which replace the various national rules of private international law in relation to insolvency proceedings within the EU.

If challenged successfully, the rights granted under the guarantees or in connection with the security interest in the Collateral may become unenforceable and any amounts received must be refunded to the insolvent estate. To the extent that the grant of any guarantee or security interest is voided, the holders of the Notes could lose the benefit of the guarantee or the security interest and may not be able to recover any amounts under the related Security Documents.

For an overview of certain insolvency laws and enforceability issues as they relate to the Notes Guarantees and security interests, see "*Certain Limitations on Validity and Enforceability of the Notes Guarantees and the Collateral and Certain Insolvency Law Considerations*."

The Notes Guarantees will be significantly limited by applicable laws and are subject to certain limitations and defenses.

The Notes Guarantees provide the holders of the Notes with a direct claim against the Guarantors. However, the obligations of the Guarantors under their Notes Guarantee and the enforcement of the Notes Guarantees will be limited under the Indenture to an amount which has been determined so as to ensure that amounts payable will not result in violations of laws related to, among others, corporate benefit, capitalization, capital preservation, financial assistance or transactions under value, or otherwise cause the Guarantors to be deemed insolvent under applicable law or the Notes Guarantees to be deemed void, unenforceable or ultra vires, or cause the directors of such Guarantors to be held in breach of applicable corporate or commercial law for providing such Notes Guarantees.

Generally, creditors including trade creditors and preferred stockholders (if any) of subsidiaries of the Issuer (including the Guarantors prior to the granting of the Notes Guarantees) that do not provide a Notes Guarantee are entitled to payments of their claims from the assets of such subsidiaries before these assets are made available for distribution to their respective parent entity or the creditors of the Issuer or the Guarantors, as the case may be. Accordingly, in the event that any subsidiary of the Issuer, including the Guarantors, prior to the granting of their Notes Guarantee, becomes insolvent, is liquidated, reorganized or dissolved, or is otherwise wound up other than as part of a solvent transaction:

- the creditors of the Issuer (including the holders of the Notes) and the Guarantors will have no right to proceed against the assets of such subsidiary; and

- creditors of such non-Guarantor subsidiary, including depositors, trade creditors and preferred equity holders (if any), will generally be entitled to payment in full from the sale or other disposal of the assets of such subsidiary before the Issuer or any Guarantor, as direct or indirect shareholder (as applicable), will be entitled to receive any distributions from such subsidiary.

If any of the subsidiaries of the Issuer that do not guarantee the Notes incurs additional indebtedness, the holders of that debt will be entitled to share in any proceeds distributed in connection with any insolvency, liquidation, reorganization, dissolution or other winding-up of such non-Guarantor subsidiaries ahead of the holders of the relevant Notes.

Enforcement of any Notes Guarantees or Collateral against the relevant Guarantor or pledgor would be subject to certain defenses available to guarantors generally or, in some cases, to limitations contained in the terms of the relevant Notes Guarantee or pledges of security designed to ensure compliance with statutory requirements applicable to the relevant Guarantors or pledgors. These laws and defenses include those that relate to fraudulent conveyances or transfers, insolvency, voidable preferences, financial assistance, corporate purpose or benefit, preservation of share capital, thin capitalization, capital maintenance or similar laws and regulation or defenses affecting the rights of creditors generally. As a result, the liability of a Guarantor under its Notes Guarantee or of a pledgor of security could be materially reduced or eliminated, depending on the amounts of its other obligations and the law applicable to it.

As a result of the applicable limitations under Italian law with respect to, amongst others, corporate benefit and financial assistance, notwithstanding anything to the contrary provided in the Indenture, the Revolving Credit Facility Agreement and the Intercreditor Agreement:

- the Notes Guarantee and security interests granted by a Guarantor shall not exceed at any time an amount equal to the aggregate principal amount of any intercompany loans made available from time to time to such Guarantor (or any of its direct or indirect subsidiaries pursuant to article 2359 of the Italian Civil Code) by the Issuer (whether directly or indirectly), in each case net of any proceeds already paid pursuant to the enforcement of its guarantee under the Revolving Credit Facility and/or received upon the enforcement of any security interests granted by such Guarantor; provided further that such Guarantor shall not be liable as a Guarantor and/or security provider in respect of any amounts in excess of the amount that such Guarantor is entitled to set-off against its claims of recourse or subrogation (*regresso* or *surrogazione*) arising as a result of any payment made by such Guarantor under the relevant Notes Guarantee and/or as a result of the enforcement of any security interests granted by such Guarantor;

- the maximum amount guaranteed and/or secured by a Guarantor, also in accordance with Article 1938 of the Italian Civil Code (where applicable), will not exceed 120% of the outstanding principal amount of the Notes;

- the aggregate amount of interest in respect of the Notes guaranteed and/or secured by a Guarantor will be at any time equal to the interest then outstanding in respect of a principal amount of the Notes equal to the principal amount of the Notes guaranteed and/or secured by such Guarantor at that time; and

- notwithstanding any provision to the contrary in the Indenture, in order to comply with the mandatory provisions of Italian law in relation to (i) maximum interest rates (including the Italian Usury Law and Article 1815 of the Italian Civil Code) and (ii) capitalization of interests (including Article 1283 of the Italian Civil Code and Article 120 of the Italian Legislative Decree No. 385 of September 1, 1993), the obligations of a Guarantor under its Notes Guarantee and/or any security interests granted by such Guarantor shall not include and shall not extend to (A) any interest qualifying as usurious pursuant the Italian Usury Law and (B) any interest on overdue amounts compounded in violation of the provisions set forth by Article 1283 of the Italian Civil Code and/or Article 120 of the Italian Legislative Decree No. 385 of September 1, 1993, respectively.

In any case, the maximum amount that a Guarantor may be required to pay in respect of its obligations as Guarantor under the Indenture and/or security grantor under the relevant security documents upon enforcement of the Collateral granted by such Guarantor (if any) will ratably concur and not cumulate with the corresponding amounts due by such Guarantor to any guaranteed and/or secured creditor pursuant to the Revolving Credit Facility Agreement and/or the Intercreditor Agreement (including any guaranteed and/or secured creditors with respect to any further *pari passu* indebtedness contemplated under the Intercreditor Agreement) and/or any security documents, and *vice versa*. For the avoidance of doubt, by virtue of the abovementioned limitations applicable to the guarantees and the security interests granted by the Guarantors (if any), the obligations of the

Guarantors as guarantors and/or security providers under the Notes, the Indenture, the Revolving Credit Facility Agreement, the Intercreditor Agreement and any agreement regulating future *pari passu* indebtedness contemplated under the Intercreditor Agreement, the security documents relating to the Collateral and any other transaction documents related thereto shall not be deemed to be cumulative and shall be considered without duplication, and the transaction documents will provide that the aggregate amount of the proceeds deriving from any enforcement of any such guarantee and/ or security obligations of a Guarantor shall not exceed on an aggregate basis the limit of such Guarantor's credit support as described above.

In addition to the above, under article 1938 of the Italian Civil Code, if a corporate guarantee is issued by a Guarantor incorporated under the laws of Italy to guarantee conditional or future obligations, the guarantee must be limited to a maximum amount. Such maximum amount should be expressly identified at the outset and expressed in figures (either in the guarantee deed or by reference to a separate document, such as the Indenture). It has been held that such determination must be proportionate to the relevant Guarantor's assets. If such determination is deemed disproportionate to the assets of the relevant Guarantor, there is a risk that the guarantee could be declared void.

The proceeds of the enforcement of such guarantees and/or security interests shall be distributed amongst the guaranteed and/or secured creditors (including, without limitation, the holders of the Notes) in accordance with the provisions of the Intercreditor Agreement. Accordingly, the holders of the Notes, as applicable, will be able to recover limited amounts under the Notes Guarantees and security.

As a result, the Guarantors' liability under the Notes Guarantees could be materially reduced or eliminated depending upon the amount of its obligations and upon applicable laws. For more information, see "*Certain Limitations on Validity and Enforceability of the Notes Guarantees and the Collateral and Certain Insolvency Law Considerations.*"

The recovery from the enforcement of the share pledges forming part of the Collateral may be complicated, involve long recovery times and a low recovery rate.

In connection with the enforcement of share pledges over shares of entities with outstanding debt obligations, any sale of such entities is likely to involve a release of some or all of the debt of such entity, which could result in a taxable capital gain to such entities, including the Issuer. As the Notes will be issued by the Issuer, an enforcement over the shares of the Issuer would involve the enforcement over the share pledge of an entity with outstanding debt claims. In addition, the Indenture does not prohibit the Issuer from incurring additional debt claims in the future. Consequently, the enforcement of the share pledge over the Issuer's shares may result in the release of the debt obligations of the Issuer. Any taxable capital gain is likely to reduce the proceeds of any recovery from the enforcement of such share pledge. Furthermore, entry into the Security Documents, enforcement of the Collateral and any direct or indirect transfer of our operations may require, in certain jurisdictions, governmental or other regulatory consents, or might otherwise be challenged. Such consents, approvals or filings may take time to obtain or may not be obtained at all. As a result, enforcement may be delayed, a temporary shutdown of operations may occur and the value of the Collateral may be significantly decreased.

Therefore, the value of the pledge over the shares of the Issuer and Guarantors may be limited. To the extent the enforcement of this security interest would result in an acquisition of a holding and/or of voting rights in the Issuer and/or Guarantor, any such enforcement may require clearance by the Italian Golden Power Authority, pursuant to the applicable Italian Golden Power Legislation. Accordingly, the Security Agent may not have the ability to enforce its security and the value of the security interests may significantly deteriorate during the pendency of such application under the Italian Golden Power Legislation. See "*— On the Issue Date, the Notes are not expected to be secured. The Notes will be secured by the Collateral only after we obtain the Italian Golden Power Clearance, and the outcome of such process is uncertain. Any enforcement of the Collateral may require clearance by the Italian Golden Power Authority under the Italian Golden Power Legislation*" and "*—The value of the assets securing the Notes may not be sufficient to satisfy our obligations under the Notes or the Notes Guarantees.*"

The Issuer may amend the economic terms and conditions of the Notes without the prior consent of all holders of Notes with the vote of either 75% or 50% of the aggregate principal amount of the outstanding Notes.

The Indenture will contain provisions for calling meetings of the holders of the Notes to consider matters affecting their interests generally. As set forth in "*Description of Notes—Meeting of Holders of Notes*," the majority required to pass an extraordinary resolution at any meeting of holders of Notes will be one or more persons holding or representing at least 75% of the aggregate principal amount of the outstanding Notes or the relevant series of Notes, as the case may be. These provisions permit defined majorities (50% or 75%), depending on the nature of

the resolution, to bind all holders of the Notes, including holder of Notes who did not attend and vote at the relevant meeting, and holder of Notes who voted in a manner contrary to the relevant majority as set forth in "*Description of the Notes—Meeting of Holders of Notes*." In particular, under the Indenture, an extraordinary resolution may include, among other things, proposals to reduce the rate or change the time for payment of principal or interest in respect of the Notes, to change the date on which any Note may be subject to redemption or reduce the redemption price, to change the currency of payments under the Notes and/or to change the quorum requirements relating to meetings and/or to change the majority required to pass a resolution, and to change the amendment provisions. These and other changes may adversely impact rights of holders of Notes and may have a material adverse effect on the market value of the Notes. Under Italian law, the approval of an extraordinary resolution typically requires the consent of more than one half of the aggregate principal amount of the outstanding Notes. Our decision to increase the majority requirement is untested under Italian law, may be challenged by holders of the Notes, the Issuer and/or others, and if challenged, may not be upheld by an Italian court, with the consequence that the majority voting threshold may be reduced from 75% to 50%. Furthermore, the interaction between (i) the provisions set forth under the Indenture with respect to meetings of holders of the Notes, the applicable majorities and the rights of each holder of the Notes to vote in the relevant meeting and (ii) applicable Italian law provisions relating to quorum and majorities in meetings of holders of notes issued by Italian companies is also untested in the Italian courts.

The granting of the security interests in the Collateral or the occurrence of a Permitted Reorganization may create hardening periods for such security interests in accordance with Italian law.

The granting or reconfirming (as applicable) of security interests to secure the Notes and the Revolving Credit Facility may create new hardening, claw back, voidance or preference periods for such security interests in Italy and the relevant regime for hardening periods may be less favorable if the secured debt (or part thereof) is pre-existing to the granting of the security interest. In addition, the granting of a shared security interest (including security interests in the Collateral), including in connection with any release and retake of such security interest, to secure existing, new or future indebtedness (such as hedging obligations or any additional notes issued under the Indenture) or the transfer or the assignment of the security interest may restart or reopen hardening or claw back periods. The applicable hardening, claw back, voidance or preference period for these new security interests can run from the moment each new security interest has been granted, perfected, amended, shared or recreated (as applicable). Claw back and voidance periods also apply in respect of the granting of guarantees (including, for the avoidance of doubt, the Notes Guarantees). In each instance, if the security interest granted, perfected or recreated or a guarantee were to be enforced before the end of the relevant hardening period and/or claw back period applicable in Italy, such security interest or guarantee may be declared void, ineffective, clawed back and/or it may not be possible to enforce it. Under Italian law, if any security interests (including security interests in the Collateral) are released and retaken at any time, such release and retaking of security interests may give rise to the start of a new hardening or preference period in respect of such security interests. Under certain circumstances, other creditors, bankruptcy trustees, insolvency administrators, judicial liquidation receivers or courts could challenge the validity and enforceability of the grant of such security interests. See "*Certain Limitations on Validity and Enforceability of the Notes Guarantees and the Collateral and Certain Insolvency Law Considerations*."

Additionally, in the event any Permitted Reorganization is completed as described under "*Description of the Notes*," new hardening periods may be created in respect of security interests that are granted, perfected or recreated in connection with such Permitted Reorganization, and the security interests would be subject to the same risks described in the preceding paragraph. The applicable hardening period may run from the moment such new security is amended, transferred, assigned, granted or perfected.

Transfer of the Notes will be restricted, which may adversely affect the value of the Notes.

The Notes and the Notes Guarantees have not been and will not be registered under the U.S. Securities Act or any U.S. state securities laws. You may not offer the Notes in the United States except pursuant to an exemption from, or a transaction not subject to, the registration requirements of the U.S. Securities Act and applicable state securities laws, or pursuant to an effective registration statement. The Notes and the Indenture will contain provisions that restrict the Notes from being offered, sold or otherwise transferred except pursuant to the exemptions available pursuant to Rule 144A and Regulation S, or other exceptions, under the U.S. Securities Act. Furthermore, we have not registered the Notes under any other country's securities laws. It is your obligation to ensure that your offers and resales of the Notes within the United States and other countries comply with applicable securities laws.

You may be unable to sell your Notes if a trading market for the Notes does not develop.

The Notes are new securities for which there is currently no established trading market. Accordingly, there can be no assurance as to the development or liquidity of any market for the Notes.

We have applied to have the Notes listed on the Official List of the Luxembourg Stock Exchange and admitted to trading on the Euro MTF Market of the Luxembourg Stock Exchange on or about the Issue Date. However, the Notes may not become or remain listed on that exchange or any other securities exchange. The Initial Purchasers have advised us that they intend to make a market in the Notes. However, the Initial Purchasers are not obligated to do so and may discontinue any market making at any time at their sole discretion and without notice. In addition, the liquidity of the trading market in the Notes, and the market price quoted for the Notes, may be adversely affected by changes in the overall market for similar yielding securities, interest rates and our financial performance or prospects or in the prospects for companies in our industry generally. As a result, an active trading market for the Notes may not develop or be maintained. See "*—No assurance can be given that the Notes will be listed or that, once listed, the listing will be maintained or that such listing will satisfy the listing requirements of Decree No. 239*."

The Issuer may have the right to purchase all outstanding Notes in connection with a tender offer, even if certain holders do not consent to the tender.

In connection with certain tender offers for the Notes, if holders of not less than 90% in aggregate principal amount of the applicable outstanding Notes validly tender and do not withdraw such Notes in such tender offer and the Issuer, or any third party making such a tender offer in lieu of the Issuer, purchases all of the Notes validly tendered and not withdrawn by such holders, all holders of Notes will be deemed to have consented to such tender offer and, accordingly, the Issuer or such third party will also have the right to redeem the Notes that remain outstanding in whole, but not in part, following such purchase at a price equal to the price offered to each other holder of Notes. See "*Description of the Notes—Optional Redemption*."

You may have difficulty enforcing your rights against the Issuer, the Guarantors and their directors and executive officers.

The Issuer and the Guarantors are incorporated in Italy. All of the directors and executive officers of the Issuer and the Guarantors are non-residents of the United States. Although the Issuer and the Guarantors have submitted or will submit to the jurisdiction of certain New York courts in connection with any action under U.S. securities laws, you may be unable to effect service of process within the United States on its directors and executive officers. In addition, as all of its assets and substantially all of the assets of their directors and executive officers are located outside of the United States you may be unable to enforce against them judgments obtained in the U.S. courts predicated upon civil liability provisions of the federal securities laws of the United States. In addition, our Italian counsel have informed us that it is questionable whether an Italian court would accept jurisdiction and impose civil liability if proceedings were commenced in Italy solely upon U.S. federal securities laws. See "*Service of process and enforcement of civil liabilities*."

The Issuer may not be able to repurchase the Notes upon the occurrence of a change of control.

The source of funds for any repurchase required as a result of any such event will be available cash or cash generated from operating activities or other sources, including borrowings, sales of assets, sales of equity or funds provided by subsidiaries. Sufficient funds may not be available at the time of any such events to make any required repurchases of the Notes tendered.

The change of control provision contained in the Indenture may not necessarily afford you protection in the event of certain important corporate events, including reorganization, restructuring, merger or other similar transaction involving us that may adversely affect you, because such corporate events may not involve a shift in voting power or beneficial ownership.

The definition of "change of control" contained in the Indenture includes a disposition of all or substantially all the assets of the Issuer and its restricted subsidiaries taken as whole. Although there is a limited body of case law interpreting the phrase "all or substantially all," there is no precise established definition of the phrase under applicable law. Accordingly, in certain circumstances there may be a degree of uncertainty as to whether a particular transaction would involve a disposition of "all or substantially all" the assets of the Issuer and its restricted subsidiaries taken as a whole. As a result, it may be unclear as to whether a change of control has occurred and whether the Issuer is required to make an offer to repurchase the Notes.

We may be unable to raise the funds necessary to refinance indebtedness maturing prior to the stated maturity of the Notes or to repay the Notes at maturity.

The Notes offered hereby will mature in 2029 and the Revolving Credit Facility will mature prior to the maturity of the Notes. In addition, all of our other indebtedness that is expected to remain outstanding following the Refinancing may be terminated or repayable prior to the maturity of the Notes. As a result, we may not have sufficient cash to repay all amounts owing on the Notes at maturity, since the prior maturity of such other indebtedness may make it difficult to refinance the Notes offered hereby. In addition, if our access to capital markets or our ability to enter new financing arrangements is reduced for any reason, we may not be able to refinance our Revolving Credit Facility on satisfactory terms or at all, which could have a material adverse effect on our business, financial position and results of operations.

You may face foreign exchange risks by investing in the Notes.

The Notes will be denominated and payable in euro. If investors measure their investment returns by reference to a currency other than euro, an investment in the Notes will entail foreign exchange-related risks due to, among other factors, possible significant changes in the value of the euro relative to the currency by reference to which investors measure the return on their investments because of economic, political and other factors over which we have no control. Depreciation of the euro against the currency by reference to which investors measure the return on their investments could cause a decrease in the effective yield of the Notes below their stated coupon rates and could result in a loss to investors when the return on the Notes is translated into the currency by reference to which the investors measure the return on their investments.

The Notes will initially be held in book entry form, and therefore you must rely on the procedures of the relevant clearing systems to exercise any rights and remedies.

The Notes will initially only be issued in global certificated form and will initially be held through Euroclear and Clearstream. Interests in the global notes will trade in book entry form only, and Notes in definitive registered form, or Definitive Registered Notes, will be issued in exchange for Book Entry Interests only in very limited circumstances. Owners of Book Entry Interests will not be considered owners or holders of Notes. The common depositary, or its nominee, for Euroclear and Clearstream will be the sole registered holder of the global notes representing the Notes and will be entered as such in the register of holders of the Notes maintained by the Registrar. Payments of principal, interest and other amounts owing on or in respect of the global notes representing the Notes will be made to The Bank of New York Mellon, London Branch, as Paying Agent, which then will make payments to Euroclear and Clearstream. Thereafter, these payments will be credited to participants' accounts that hold Book Entry Interests in the global notes representing the Notes and credited by such participants to indirect participants. After payment to Euroclear and Clearstream, we, the Trustee, the Paying Agent, the Transfer Agent and the Registrar will have no responsibility or liability for the payment of interest, principal or other amounts to the owners of Book Entry Interests. Accordingly, if you own a Book Entry Interest, you must rely on the procedures of Euroclear and Clearstream, and if you are not a participant in Euroclear and Clearstream, on the procedures of the participant through which you own your interest, to exercise any rights and obligations of a holder of Notes under the Indenture.

Unlike the registered holders of the Notes themselves, owners of Book Entry Interests will not have the direct right to act upon the Issuer's solicitations for consents, requests for waivers or other actions from holders of the Notes. Instead, if you own a Book Entry Interest, you will be permitted to act only to the extent you have received appropriate proxies to do so from Euroclear and Clearstream. The procedures implemented for the granting of such proxies may not be sufficient to enable you to vote on a timely basis.

Similarly, upon the occurrence of an Event of Default under the Indenture, unless and until Definitive Registered Notes are issued in respect of all Book Entry Interests, if you own a Book Entry Interest, you will be restricted to acting through Euroclear and Clearstream. The procedures to be implemented through Euroclear and Clearstream may not be adequate to ensure the timely exercise of rights under the Notes. See "*Book-entry, delivery and form*."

Certain covenants may be suspended upon the occurrence of a change in our ratings.

The Indenture will provide that, if at any time following the date of the Indenture, the Notes receive the following rating from at least two of the three rating agencies: "Baa3" or better from Moody's Investors Service, Inc. ("**Moody's**"), "BBB-" or better from Standard & Poor's Investors Ratings Services ("**S&P**") and "BBB" or better from Fitch Ratings, Inc. ("**Fitch**"), and no default or event of default has occurred and is continuing. If the Notes were to attain investment grade status, then beginning that day and continuing until such time that the Notes

receive a rating of below "Baa3" from Moody's, "BBB-" from S&P or "BBB" from Fitch, certain covenants will cease to be applicable to the Notes. See "*Description of the Notes—Certain Covenants—Suspension of Covenants on Achievement of Investment Grade Status*." If these covenants were to cease to be applicable, we would be able to incur additional indebtedness or make payments, including dividends or investments, which may conflict with the interests of holders of the Notes. There can be no assurance that the Notes will ever achieve an investment grade rating or that any such rating will be maintained.

Credit ratings may not reflect all risks, are not recommendations to buy or hold securities and may be subject to revision, suspension or withdrawal at any time.

One or more independent credit rating agencies are expected to assign credit ratings to the Notes. The credit ratings address our ability to perform our obligations under the terms of the Notes and credit risks in determining the likelihood that payments will be made when due under the Notes. The ratings may not reflect the potential impact of all risks related to the structure, market, additional risk factors discussed above and other factors that may affect the value of the Notes. A credit rating is not a recommendation to buy, sell or hold securities and may be subject to revision, suspension or withdrawal by the rating agency at any time. No assurance can be given that a credit rating will remain constant for any given period of time or that a credit rating will not be lowered or withdrawn entirely by the credit rating agency if in its judgment circumstances in the future so warrant. A suspension, reduction or withdrawal at any time of the credit rating assigned to the Notes by one or more of the credit rating agencies may adversely affect the cost and terms and conditions of our financings and could adversely affect the value and trading of the Notes.

You generally will not be entitled to a gross-up for any Italian withholding taxes, unless the Italian withholding tax is caused solely by a failure of the Issuer or the Guarantors to comply with certain procedures.

The Issuer is organized under the laws of the Republic of Italy and therefore payments of principal and interest on the Notes and, in certain circumstances, any gain on the Notes, will be subject to Italian tax laws and regulations. All payments made by or on behalf of the Issuer in respect of the Notes will be made free and clear of withholding or deduction of Italian taxation, unless the withholding or deduction is required by law. In that event, the Issuer will pay such additional amounts as will result in the holders of the Notes receiving such amounts as they would have received in respect of such Notes had no such withholding or deduction been required. The Issuer is not liable to pay any additional amounts to holders of the Notes under certain circumstances, including if any withholding or deduction is required pursuant to Italian Legislative Decree No. 239 of April 1, 1996, as amended and supplemented from time to time, and any related implementing regulations ("**Decree No. 239**") or pursuant to Italian Legislative Decree No. 461 of November 21, 1997, as amended and supplemented from time to time, and any related implementing regulations ("**Decree No. 461**"), except where the procedures required under Decree No. 239 or Decree No. 461 in order to benefit from an exemption have not been complied with due solely to the actions or omissions of the Issuer, or the Guarantors or their agents. In such circumstances, investors subject to Italian withholding tax will only receive the net proceeds of their investment in the Notes. See "*Description of the Notes—Additional Amounts*" and "*Tax Considerations—Certain Italian Tax Considerations*."

Although we believe that, under current law, Italian withholding tax will not be imposed under Decree No. 239 or Decree No. 461 where the Notes are listed on a regulated market or multilateral trading facility upon issuance and a holder of Notes is resident for tax purposes in a country or territory which allows for a satisfactory exchange of information with the Italian tax authorities as included in (i) the decree of the Ministry of Economy and Finance of September 4, 1996 as subsequently amended and supplemented and replaced or (ii) once effective, in any other decree that will be issued in the future under Art. 11(4)(c) of Decree No. 239 to provide the list of such countries or territories (any of such decrees, the "**White List**") and such holder complies with certain certification requirements, there is no assurance that this will be the case. Moreover, holders of Notes will bear the risk of any change in the White List countries.

No assurance can be given that the listing of the Notes will satisfy the listing requirement of Decree No. 239.

No assurance can be given that the listing of the Notes on the Official List of the Luxembourg Stock Exchange will satisfy the listing requirement of Decree No. 239 in order for the Notes to be eligible to benefit from the provisions of such legislation relating to the exemption from the requirement to apply withholding tax. The Italian tax authorities issued an interpretive circular relating to, among others, the listing requirement of the aforementioned legislation that may be interpreted to require that the Notes be listed upon their issuance to benefit from the aforementioned provisions, including the exemption from the requirement to apply withholding tax. In the event that the Notes are not listed or that such listing requirement is not satisfied, payments of interest, premium and other income with respect to the Notes would be subject to a withholding tax, at a rate of 26% as of

the date of this Offering Memorandum, and, subject to certain exceptions, see "*Description of the Notes—Additional Amounts*," we would be required to pay additional amounts with respect to such withholding taxes such that holders receive a net amount that is not less than the amount that they would have received in the absence of such withholding. The Issuer cannot assure you that the Italian tax authorities will not interpret the applicable legislation as requiring that the listing be effective at closing (upon issuance of the Notes) and we cannot assure you that the listing can be achieved by the Issue Date. The imposition of withholding taxes with respect to payments on the Notes and the resulting obligation to pay, subject to certain exemptions, additional amounts to holders of the Notes could have a material adverse effect on our financial condition and results of operations.

No assurance can be given that the procedural requirements to apply the Italian tax regime provided by Italian Legislative Decree No. 239 in respect of the Notes will be met by the relevant foreign intermediaries.

The regime provided by Decree No. 239 and in particular the exemption from withholding tax, which is in principle granted to holders of the Notes who are the beneficial owners of the proceeds from the Notes (or, if the holders are institutional investors not subject to tax, even if they are not the beneficial owners of the Notes) and who are resident in a country or territory included in the White List, applies if certain procedural requirements are met. It is not possible to assure that all non-Italian resident investors can claim the application of the withholding tax exemption where the relevant foreign intermediary fails to comply with the procedural rules set for the application of the exemption regime or fails to provide sufficient information to the relevant Italian tax authorities under the procedures set for applying the exemption regime. See "*Tax Considerations—Certain Italian Tax Considerations*."

Italian withholding taxes or deduction may be payable on amounts paid by the Guarantors.

Under a certain interpretation, payments made to non-resident entities without an Italian permanent establishment to which the Notes are effectively connected by the Guarantors may be subject to Italian withholding taxes or deduction of taxes. The possible imposition of withholding taxes or deduction of taxes with respect to payments on the Notes and the resulting obligation to pay additional amounts to noteholders could have a material adverse effect on our financial condition and results of operations.

Changes to global tax laws, including the OECD's Pillar Two Rules could adversely affect the Group's tax profile.

The OECD and many countries in Europe, as well as a number of other countries and organizations, have proposed, recommended or (in the case of certain countries) enacted changes to existing tax laws or new tax laws that address issues related to the taxation of multinational corporations. One example is Pillar Two of the OECD's "BEPS 2.0" initiative, which is aimed at ensuring all companies pay a global minimum tax. In December 2022, the member states of the EU unanimously voted to adopt the OECD's minimum tax rules and phase them into law, and in February 2023 the OECD released technical guidance on the global minimum tax which was agreed by consensus of the Pillar Two signatory jurisdictions. Under the EU's minimum tax directive, member states are to adopt, and a number of member states have adopted or proposed, legislation implementing the minimum tax rules effective for periods beginning on or after December 31, 2023, with the "under-taxed profit rule" to take effect for periods beginning on or after December 31, 2024. Italy enacted legislation implementing the minimum tax rules effective 1 January 2024. Legislatures in multiple countries outside of the EU have also adopted or proposed legislation to implement the OECD's minimum tax proposal. As a result of these developments and similar developments in other jurisdictions, the tax laws of certain countries in which the Group and its affiliates do business could change on a prospective or retroactive basis, and any such change could significantly increase the Group's tax obligations in the countries in which it will do business or require the Group to change the manner in which it operates its business, which may adversely affect the Group.

The transfer of the Notes is restricted, which may adversely affect their liquidity and the price at which they may be sold.

The Notes are being offered and sold pursuant to an exemption from registration under the Securities Act and applicable state securities laws of the United States. The Notes have not been and will not be registered under the Securities Act or any state securities laws. Therefore, you may not transfer or sell the Notes in the United States except pursuant to an exemption from, or a transaction not subject to, the registration requirements of the Securities Act and applicable state securities laws, or pursuant to an effective registration statement, and you may be required to bear the risk of your investment in the Notes for an indefinite period of time. The Notes and the Indenture will contain provisions that restrict the Notes from being offered, sold or otherwise transferred except pursuant to the exemptions available pursuant to Rule 144A and Regulation S under the Securities Act, or other

exemptions under the Securities Act. In addition, by acceptance of delivery of any Notes, the holder thereof agrees on its own behalf and on behalf of any investor accounts for which it has purchased the Notes that it shall not transfer the Notes in an aggregate principal amount of less than €100,000. Furthermore, we have not registered the Notes under any other country's securities laws and do not have any intention to do so. It is your obligation to ensure that your offers and sales of the Notes within the United States and the other countries comply with applicable securities laws. See "*Notice to Investors*."

Total remuneration under the Notes will be automatically reduced if it exceeds the anti-usury cap levels set under Italian law.

Under Italian law, any obligation of an Italian company and/or any obligation secured or guaranteed by an Italian company, to pay any portion of remuneration (including interest, default interest, fees, charges, original issue discounts, premium, expenses and other costs and any other form of compensation related to the Notes) in excess of the thresholds permitted under the Italian Usury Law may not be enforceable. Although the applicability of the Italian Usury Law to securities such as the Notes (and, amongst others, related original issue discounts and make-whole payments that may be due under the applicable indenture) remains untested, the Indenture will provide that, if the remuneration applicable to the Notes (including interest, default interest, fees, original issue discounts, premium, charges, expenses and other costs and any other form of compensation related to the Notes (the "**Total Remuneration**")) at any time exceeds the maximum remuneration permitted under applicable Italian law (including the Italian Usury Law), then the Total Remuneration will immediately and automatically be reduced to the maximum remuneration permissible under applicable Italian law (including the Italian Usury Law) for, and limited to, the period during which it is not possible to apply the remuneration as originally provided. This will result in a change of the economic terms of the Notes which, in turn, may adversely impact the rights of the holders of the Notes and may have a material adverse effect on the market value of the Notes.

The Notes may be issued with original issue discount ("OID") for U.S. federal income tax purposes.

If the stated principal amount of the Notes exceeds their issue price by an amount greater than or equal to a statutorily defined de minimis amount, then the Notes will be considered to be issued with OID for U.S. federal income tax purposes. A holder of a Note that is subject to U.S. federal income tax generally will be required to include any such OID in gross income as ordinary income as it accrues on a constant yield basis for U.S. federal income tax purposes, generally in advance of the receipt of the cash payments to which such OID is attributable and regardless of such holder's regular method of accounting for U.S. federal income tax purposes. See "*Taxation—Certain U.S. Federal Income Tax Considerations—Original issue discount.*"

USE OF PROCEEDS

The gross proceeds from the offering of the Notes, together with cash on the Issuer's balance sheet, are expected to be used by the Issuer to redeem the Existing Notes at a price of 100% of the aggregate principal amount thereof, plus accrued and unpaid interest to, but excluding, the date of redemption, and additional amounts, if any (the "**Refinancing**").

The table below sets forth the expected estimated sources and uses of the funds related to the Refinancing. Actual amounts are subject to adjustment and may differ from these estimated amounts, depending on several factors, including the actual amount of the fees and expenses incurred in connection with the Transactions (as defined below) and the ultimate timing of the redemption of the Existing Notes. This table should be read in conjunction with "*Use of Proceeds*" and "*Capitalization*".

Sources of funds			**Uses of funds**		
(€ in millions)					
Notes offered hereby[(1)]	€	360.0	Redemption of the outstanding Existing Notes[(3)]	€	370.0
Cash on balance sheet[(2)]	€	26.5	Estimated costs, fees and expenses[(4)]	€	16.5
Total sources	**€**	**386.5**	**Total uses**	**€**	**386.5**

(1) Represents the aggregate principal amount of the Notes.

(2) Represents a portion of the cash on balance sheet as of September 30, 2024. See "*Capitalization*."

(3) Represents the aggregate principal amount of the Existing Notes outstanding as of September 30, 2024, to be redeemed on or about the Issue Date at par following the delivery of a notice of redemption in respect thereof. The amount presented in the table excludes accrued and unpaid interest relating to the Existing Notes.

(4) Represents certain estimated fees and expenses associated with the Transactions and an original issue discount of 97.50%. Actual fees and expenses may vary from this amount due to a number of factors, including the actual date of redemption.

CAPITALIZATION

The table below sets out the Issuer's cash and cash equivalents and current financial assets and capitalization as of September 30, 2024, adjusted to reflect the effects of the Refinancing. We have prepared the information presented in the "As adjusted" column for illustrative purposes only. Such information addresses a hypothetical situation and, therefore, does not represent our actual financial position or results. Consequently, such information and resulting adjustments may not be indicative of our total capitalization as of the date of this Offering Memorandum, or any other prior date. Investors are cautioned not to place undue reliance on this hypothetical information.

The historical consolidated financial information as of September 30, 2024 has been derived from the Unaudited Interim Condensed Consolidated Financial Statements prepared in accordance with International Accounting Standards 34 included elsewhere in this Offering Memorandum.

This table should be read in conjunction with "*Use of proceeds*," "*Management's discussion and analysis of financial condition and results of operations*," "*Description of certain financing arrangements*," "*Description of the Notes*" and the financial statements and the accompanying notes of the Issuer appearing elsewhere in this Offering Memorandum. Except as set forth below, there have been no other material changes to the Issuer's capitalization since September 30, 2024.

	As of September 30, 2024		
(€ in millions)	**Actual**	**As Adjusted for certain events which occurred after September 30, 2024**	**As further Adjusted for the Transactions**
Cash and cash equivalents [1]	**28.9**	**61.4**[1]	**34.9**[2]
Current financial assets[3]	**5.7**	**5.7**	**5.7**
Gross Debt [4]	**507.0**	**507.0**	**497.0**
Existing Notes[5]	370.0	370.0	—
Notes offered hereby[6]	—	—	360.0
2021 Revolving Credit Facility[7]	15.0	15.0	-
Revolving Credit Facility[7]	—	—	15.0
Bank borrowings[8]	50.0	50.0	50.0
IFRS 16 lease liabilities[9]	43.1	43.1	43.1
Other Debt[10]	28.9	28.9	28.9
Total shareholders' equity	**39.2**	**39.2**	**39.2**
Total capitalization[11]	**546.2**	**546.2**	**536.2**

(1) Cash and cash equivalent is adjusted to give effect to (x) approximately €25.0 million (net of taxes and costs) proceeds from settlement proceeds related to the Saudi dispute received on January 29, 2025 and (y) €7.5 million in proceeds related to the 5% stake sale in Starfire S.A. which closed in December 2024. See "*Summary—Recent Developments*" and "*Risk Factors—Risk factors related to the business— The further expansion of our business outside of Italy may present risks.*"

(2) Cash and cash equivalent is further adjusted to give effect to the Refinancing.

(3) Current financial assets refer primarily to cash owing to the Issuer from factoring counterparties following collection by them from customers who have made payment in dedicated accounts controlled by the factors. Such sums are generally paid to the Issuer by the factoring counterparty within 30 days of receipt of payment from the relevant customer.

(4) Gross Debt does not include €38.7 million which is the current fair value of the put option granted in favor of the minority shareholder of Rekeep Polska and Rekeep France. In particular, the current fair value of the put option granted in favor of the minority shareholder of Rekeep Polska is equal to €36.7 million and is exercisable between December 31, 2027, and December 31, 2028. This valuation is based on management assumptions and our business plan as of September 2024, assuming an EBITDA of €36.9 million in 2027. Additionally, the current fair value of the put option granted in favor of the minority shareholder of Rekeep France is equal to €2.0 million. Furthermore, Gross Debt does not include €21.3 million which is the amount collected on behalf of assignees of trade receivables, €2.4 million which is the amount of other financial debts, and €1.8 million which is due to the amortized cost for interest accrued and unamortized transaction costs. See "*Management's discussion and analysis of financial condition and results of operations—Critical Accounting Policies*" and "*Risk Factors—Risks related to our business—We may face cash expenses in connection with the put option granted to Rekeep Polska's non-controlling shareholder.*"

(5) Represents the aggregate principal amount of the Existing Notes (excluding accrued and unpaid interest) outstanding as of September 30, 2024, to be redeemed on or about the Issue Date following the delivery of a notice of redemption in respect thereof. Accrued and unpaid interest in respect of the Existing Notes as of September 30, 2024 was €4.5 million.

(6) Represents the aggregate principal amount of the Notes offered hereby, without giving effect to issuance costs in accordance with IFRS 9.

(7) Represents the amount outstanding under the 2021 Revolving Credit Facility as of September 30, 2024, and does not reflect any utilizations that occurred after that date. As of the date of this Offering Memorandum, we have entered into a new revolving credit facility agreement to replace the 2021 Revolving Credit Facility Agreement with several lenders, including the Initial Purchasers or certain of their affiliates. The Issuer currently expects that, based on its financial needs and taking into account potential utilizations and repayments in the meantime, the Revolving Credit Facility will be drawn for an amount equal to approximately €15.0 million on or about the Issue Date. This estimate is subject to certain assumptions and conditions related to our liquidity needs, including the cash we expect to receive from our customers, and the actual amount of the Revolving Credit Facility drawn on or about the Issue Date may vary significantly from this estimate. See "*Description of Certain Financing Arrangements—Revolving Credit Facility Agreement.*"

(8) Represents certain term loans and bank overdrafts as of September 30, 2024. See "*Description of certain financing arrangements.*"

(9) Represents financial liabilities under IFRS 16 as of September 30, 2024.

(10) Other Debt includes (i) €15.4 million of recourse factoring and (ii) €13.5 million of reverse factoring lines as of September 30, 2024. See "*Description of certain financing arrangements*."

(11) Total capitalization is defined as the sum of Gross Debt and total shareholders' equity.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following is a discussion and analysis of the Group's results of operations and financial condition based on our Audited Consolidated Financial Statements, including the notes thereto, and our Unaudited Interim Condensed Consolidated Financial Statements, including the notes thereto.

You should read this section together with the audited and unaudited consolidated financial statements described above, including the notes thereto, as well as the other financial information included in this Offering Memorandum. See "Presentation of financial information" for an explanation of the financial information contained in this "Management's discussion and analysis of financial condition and results of operations." A summary of the Group's critical accounting policies that have been applied to these financial statements is set out below under the caption "—Critical accounting policies."

The following discussion contains forward-looking statements based on assumptions about our future performance. Those statements are subject to risks, uncertainties and other factors that could cause our future results of operations or cash flows to differ materially from those expressed or implied in such forward-looking statements. Factors that could cause or contribute to such difference include, but are not limited to, those discussed below and elsewhere in this Offering Memorandum, particularly under "Risk factors" and "Forward-looking statements."

Overview

We are a leading provider of facility management and laundering and sterilization services in Italy, with strong or developing positions in other countries, including Poland, France, Turkey and Saudi Arabia, and with a focus on delivering tailored mission critical services. We provide non-discretionary integrated facility management services ranging from building and plant maintenance, energy and cooling-related technical services, cleaning, catering, laundering and sterilization and a variety of related specialist services. We serve a diverse range of over 1,600 customers, including public sector entities, healthcare service providers and private sector companies in Italy and in our international markets, supporting them in maintaining and improving the quality, efficiency and safety of their operations. We have established ourselves as trusted providers of mission-critical services to healthcare providers, which represented 64.6% of our revenues for the twelve months ended September 30, 2024, with the rest of the revenues coming from government agencies and large private enterprises, which represented 18.2% and 17.1%, respectively, of our revenues for the same period.

Our success draws on our long history dating back to 1938 when we began providing services to the Italian state-run railway network. Since 2003, when we were spun off from MSC, our controlling shareholder, to consolidate as an independent group, we have emerged as a multi-disciplinary provider covering most of the areas of facility management and laundering and sterilization services. Today, our operations are structured into two reporting segments: Facility Management and Laundering and Sterilization Services.

- ***Facility Management Segment*** (87.8% of total revenue (gross of intra-group elimination) and 75.7% of EBITDA in the twelve months ended September 30, 2024). As part of this segment, we provide cleaning, energy management, catering, maintenance and other facilities management services to healthcare services providers, PSEs and private sector customers. We provide facility management services both in Italy and outside of Italy.

  - *Domestic (Italy) Facility Management division*: Our Facility Management operations in Italy generated 66.6% of total revenue (gross of intra-group elimination) and 59.7% of EBITDA in the twelve months ended September 30, 2024.

  - *International Facility Management division*: Our international operations, which are carried out in Poland, France, Turkey and Saudi Arabia, generated 21.3% of total revenue (gross of intra-group eliminations) and 16.0% of EBITDA in the twelve months ended September 30, 2024. Poland represents our main international market, and generated 18.4% of our total revenues (before intra-group eliminations) and 18.4% of our EBITDA in the twelve months ended September 30, 2024.

- ***Laundering and Sterilization Segment*** (12.2% of total revenue (gross of inter-group eliminations) and 24.3% of EBITDA in the twelve months ended September 30, 2024). As part

of this segment, we provide linen rental, industrial laundering, linen, surgical kits and surgical instrument sterilization services for healthcare customers. We provide laundering and sterilization services both in Italy and outside of Italy.

In the healthcare sector, we provide laundering of linens, sterilization of surgical instruments, cleaning, catering, cogeneration and engineering services, energy management and management of pharmaceutical logistics, all of which are mission critical services for the continued adequate care of patients and support our customers' continuity of operations. Our ability to deliver customized solutions has allowed us to become the exclusive provider of facility management and laundering and sterilization services for several key customers. This exclusivity has been a key factor in maintaining and expanding our market share in recent years, enabling us to build an impressive healthcare coverage as we serve over 500 hospitals across Europe and 80% of the largest hospitals in Italy (ranked by the number of beds) and approximately 50% of the hospitals in Poland and approximately 60% of the largest hospitals in the country, in addition to over 300 healthcare customers.

In the public sector, we provide traditional facility management services such as daily cleaning, heating and plumbing systems maintenance, laundering, catering and landscaping for public schools, state buildings and museums that allow them to receive visitors and users.

In the private sector, we provide traditional facility management services, specialized for private clients and maintain diverse retail and office spaces and telecommunications towers by providing, among other services, cleaning and maintenance services to keep their operations running smoothly.

We position ourselves as a solution provider rather than just a service provider by offering fully integrated services tailored to our customers' specific needs. Our deep understanding of their businesses, industries, and operating regions enables us to customize our solutions effectively. Additionally, this approach allows us to strategically allocate investments only after contracts are awarded, helping to minimize unnecessary expenses. Unlike many of our competitors, we deliver solutions by relying significantly on our own expertise and resources. We refer to this ability to implement our business strategy in support of our customers' objectives as a "make" rather than a "buy" approach.

For the twelve months ended September 30, 2024, we generated total revenue of €1,212.6 million and Normalized Adjusted EBITDA of €120.7 million, corresponding to a 10.0% Normalized Adjusted EBITDA margin.

Principal factors affecting our results of operations

Macroeconomic factors

Demand and prices for our services are affected by economic conditions, including increases or decreases in gross domestic product, in the countries in which we operate and, in particular, in Italy where we have historically generated the majority of our revenues. During the periods under review, the Italian GDP growth rate was 8.9% in 2021, 4.7% in 2022 and 0.7% in 2023 (source: World Bank). After an improvement in global economic conditions in 2021, following the sharp global economic downturn in 2020 resulting from the first waves of the COVID-19 pandemic, the global economy slowed significantly in 2022 due to high inflation, unfavorable financial conditions, the conflict between Russia and Ukraine and supply chain issues. Supply chain disruptions, exacerbated by the Russian-Ukrainian crisis, contributed to rising production costs and reduced real household income. Inflation reached unprecedented levels in advanced economies, with OECD countries experiencing an average inflation rate of 8.2% in 2022, compared to 1.6% on average from 2013 to 2019. Energy market tensions, exacerbated by Russia's response to Western sanctions, led to significant increases in oil and gas prices, although these prices later declined due to reduced demand and mild winter weather in Europe. In 2023, the global economic outlook weakened further, with ongoing geopolitical tensions and persistent inflation. Central banks have implemented restrictive monetary policies to stabilize prices, while governments have adopted expansionary fiscal policies to mitigate energy cost impacts. In Europe, measures included subsidies, energy tax reductions and price caps. Since the second half of 2024, following the reduction of the rate of inflation, central banks have started easing their restrictive monetary policies and cutting rates.

Fluctuations in macroeconomic conditions, including inflation, affect the demand for our services and pricing in our industry. The demand for our services is also influenced by the number of public tenders available and is therefore indirectly impacted by public budgeting. As we provide services to customers whose activities are considered essential services by the government, such as telecommunication companies, large retailers and hospitals, we received requests for extra services and supplies during the COVID-19 pandemic, including

additional sanitization and cleaning of facilities, setting up of hospital wards and other non-routine maintenance activities. Conversely, our activity decreased in the private domestic market and with public entities that are not operating in the healthcare sector or providing other essential services, mainly due to the closure of offices, schools, museums, transportation operators and other commercial activities. While there is still increased attention to sanitation, overall, our activities have returned to normal after the restrictions implemented during the COVID-19 pandemic, which mainly impacted private clients, were lifted.

The following presents a brief discussion of the macroeconomic factors and trends relevant to our business:

- Trends of the markets in which we operate:
    - Cleaning services: the Italian cleaning market has experienced steady growth between 2021 and 2024 growing at a CAGR of approximately 5% reaching €8.5 billion in 2024., driven by (i) post COVID-19 pandemic recovery; (ii) heightened sanitation requirements; and (iii) the conclusion of the CCNL Multiservizi negotiations and the renewal of a new CCNL Multiservizi framework. There is also greater attention from public authorities on service quality over price competitiveness in the cleaning market, especially following the COVID-19 pandemic. This shift, combined with growing employee demands for better sanitation, has led to higher workplace cleaning standards. We believe this trend benefits large multi-service providers like us, as we typically avoid or limit participation in tenders awarded solely based on economic criteria.
    - Energy management market: the Italian energy management market experienced a slight contraction between 2021 and 2023, reaching €2.4 billion in 2023. The decrease in the market was mainly driven by higher energy and gas prices that impacted the market.
    - Maintenance market: the Italian maintenance market has experienced steady growth between 2021 and 2024 growing at a CAGR of approximately 6%, reaching €3.0 billion in 2023. The sector was significantly impacted by the COVID-19 pandemic due to widespread office and plant closures but experienced a strong recovery in 2021, partially driven by the CCNL Multiservizi negotiations.
    - Catering market: the Polish catering market has experienced steady growth between 2021 and 2024 growing at a CAGR of approximately 16%, reaching €2.1 billion in 2024.
    - Laundering and sterilization market: the Italian laundering and sterilization market continues to show strong potential, and is expected to grow in the near future.

  For more information, see "*Industry*."

- Fluctuations in input costs. We deliver services and perform interventions at various sites across Italy and other countries where we operate. This requires regular restocking and maintenance of supplies such as linens, fabrics, and cleaning materials, as well as equipment and machinery at multiple locations. In addition, our Energy Management business is generally subject to fluctuations based on energy price volatility. Consequently, our business is impacted by fluctuations in the costs of fuel, crude oil, energy, gas, and certain fabrics, which are essential for transportation and operational inputs. While some contracts, such as those for heating fuel delivery, include price adjustment mechanisms, others do not. Consequently, changes in these costs can affect our operational margins. Additionally, any increase in these costs may require higher working capital and sureties, potentially impacting our financial condition and operational results, as adjustments to customer pricing may only occur at a later stage.
- Decreasing outsourcing of non-core services by companies. Large enterprises, in particular, have continued to be negatively impacted by challenging macroeconomic conditions, which have made it less likely for these enterprises to outsource non-core services such as maintenance services. For example, the contribution of the private sector to our total revenue decreased from €244.2 million for the year ended December 31, 2021 to €213.3 million for the year ended December 31, 2023.
- Increased focus on spending containment by the Italian government. The Italian government's focus on containing public spending has led to tighter control of the economic terms in the awarding of public tenders which reduced the revenue impact of certain tenders, notably in the cleaning and laundering segments, which has affected our profitability. However, the effect of the spending review helped inform our strategy to concentrate on certain services while deprioritizing others, and the diversity of services we provide is a natural hedge in our exposure; and

- Increasing scale and complexity of public sector tenders using centralized procurement centers. This has the effect of concentrating demand among PSEs and healthcare customers which leads to discounting in the marketplace, but can also allow larger players like us to benefit from economies of scale and better absorb fixed costs.

Backlog

Many of the service contracts we have in place include service delivery and other interventions that span several financial years. We therefore use the measurement of backlog as a significant performance indicator for our business. Backlog serves to measure the total euro value of work to be performed in connection with services and projects for which we have signed contracts or in respect of which we have received binding commitments from customers, or other operations within our subsidiaries on a consolidated basis.

Backlog is associated with service contracts in both our Facility Management Segment and Laundering and Sterilization Segment. We have adopted the following criteria for including contracts in our backlog: (i) we include the value to the reference date of the assumed revenues that are expected to be received during the life of the contract; (ii) in the case of project companies, we include the relative percentage of revenues payable to the Group under the contract, but we do not include revenue of contracts entered into by non-consolidated entities that are not attributable to the Group (for example, contracts entered into by special purpose vehicles in which we hold non-controlling interests are not included in the backlog, as the related revenue is not directly attributable to the Group); and (iii) we include only revenue for services or projects that is non-discretionary (i.e. we do not include any additional potential revenue that may accrue to us during the life of the contract) by the applicable contract, such as extraordinary services which typically represent a portion of our services. See "*Business—Backlog.*"

As of December 31, 2021, 2022 and 2023 and as of September 30, 2024, our backlog amounted to €2,950 million, €3,058 million, €3,105 million and €2,686 million, respectively.Our backlog has been affected by recent market challenges. Specifically, we experienced a reduction in the number of tenders in Italy we participated in from 2021 to 2022. The number of tenders decreased from 124 in September 2021 to 76 in September 2022, with the volume of tenders we participated in dropping from €2,778 million to €692 million over the same period. Our pipeline also decreased from 104 in September 2021 to 71 in September 2022, with volumes declining from €1,291 million to €614 million. This was due to structural changes, such as the introduction of a new Italian Public Tender Code, which requires more time to review requirements and issue tenders, along with more stringent regulations and an increase in administrative disputes, have added to market challenges. Additionally, the number of CONSIP tenders has been significantly lower and we began prioritizing more profitable energy management tenders over traditional facility management tenders. We have, however, observed a rebound post-2022 lows, both in terms of the number and volume of tenders we participated in and our pipeline. In the nine months ended September 30, 2024, we had participated in 91 tenders, an increase from 76 in the same period in 2022, with a total volume of €1,352 million, up from €692 million in 2022. Despite this rebound, the new tenders we have won require 1-2 years before converting into signed contracts, so our backlog does not yet reflect the increased tenders and pipeline. We expect to refocus on traditional facility management tenders which have always been our core business, rebalance our portfolio following an oversized exposure to energy management, and increase tender participation by targeting smaller tenders as well. See "*Summary—Our Strategies.*"

As of September 30, 2024, backlog for healthcare, PSEs (excluding healthcare) and private sector amounted to €2.1 billion, €0.4 billion and €0.2 billion, respectively. The following table shows our backlog by market for the periods under review.

The following table shows our backlog by market for the periods under review.

	As of December 31,			As of September 30,
	2021	**2022**	**2023**	**2024**
Healthcare customers	72.5%	75.8%	76.5%	78.5%
PSEs (excluding healthcare)	18.5%	17.2%	16.4%	15.5%
Private sector customers	9.0%	7.0%	7.1%	6.0%

The healthcare sector continues to be our primary source of new contracts, with healthcare customer contracts constituting the majority of our backlog. Given that these contracts are, in our experience, the longest in terms of average duration, our backlog provides us with significant medium-term and high-quality revenue visibility.

The following table shows the percentage of new contracts by market for the periods under review.

	As of December 31,			As of September 30,
	2021	2022	2023	2024
Healthcare customers	57%	70%	70%	72%
PSEs (excluding healthcare)	23%	17%	12%	12%
Private sector customers	20%	13%	18%	16%

Stable and diversified customer base

Our business is characterized by stable relationships with our customers, some of which have been doing business with us since our establishment. As discussed below, we bid for contracts and manage our customer relationships differently depending on the category and size of the customer. The following table shows our total revenue by customer type for the years ended December 31, 2021, 2022 and 2023 and for the nine months ended September 30, 2023 and 2024.

	For the year ended December 31,						For the nine months ended September 30,			
(thousands of €, except percentages)	2021		2022		2023		2023(*)		2024(*)	
Total revenue by customer type		% of revenue		% of revenue		% of revenue		% of revenue		% of revenue
PSEs (excluding healthcare)	223,280	19.9%	253,046	19.6%	221,306	18.6%	159,205	18.3%	159,185	17.8%
Healthcare customers[1]	654,553	58.3%	790,189	61.0%	752,140	63.4%	551,703	63.4%	580,193	64.8%
Private sector customers	244,192	21.8%	251,141	19.4%	213,323	18.0%	159,289	18.3%	156,626	17.4%
Total revenue	**1,122,025**	**100.0%**	**1,294,376**	**100.0%**	**1,186,769**	**100.0%**	**870,197**	**100.0%**	**896.004**	**100.0%**

(*) Unaudited.

(1) Healthcare customers only includes PSEs involved in the healthcare sector and does not include the few private sector healthcare customers of the Group which are classified under private sector customers.

Healthcare. Our healthcare customers are public healthcare services providers (i.e. hospitals), nursing or retirement homes or university hospitals. We focus on providing multiple services to our healthcare customers and we believe we distinguish ourselves from our competitors also through our expertise in the area of healthcare logistics, which was particularly relevant during the course of the COVID-19 pandemic. Our healthcare contracts generally include multiple services (both in the facility management and in the laundering and sterilization area) and are typically awarded through public tenders, either administered bilaterally or increasingly by government procurement clearinghouses. The efforts of the Italian government to rationalize procurement practices have supported the increase in demand for services assigned through framework agreements, which has led to fewer but more sizeable tenders. We believe large multi-service providers like us have benefitted the most from this trend. Moreover, centralized tenders have allowed access to a larger number of smaller clients, increasing the size of the addressable market. Our Italian healthcare contracts have an average duration of 4.4 years, calculated on the weighted average formula (annual value) taking into consideration contracts entered into in the years ended December 31, 2021, 2022 and 2023 and during the nine months ended September 30, 2024 (including both portfolio renewals and new business). Healthcare customer contracts, although they typically have the longest payment periods among our contracts, are generally the longest in duration, providing us with good revenue visibility, and typically generate the highest margins.

PSEs (excluding healthcare). PSE customers include regional, provincial and municipal governments as well as other public institutions. For PSE contracts, our specialized department reviews, analyzes and prepares the public tender bids in which we choose to participate with a focus on determining how we can competitively structure and price our offer. We focus on providing an integrated approach to facility management and laundering, sterilization and leveraging our expertise in the area of energy efficiency to extract cost savings for our customers and improve our operating margins. We concentrate on bidding for the most complex projects for which there are fewer competitors and are assigned on the basis of a combination of cost and quality. See "*Business—Customers and contracts—PSE and healthcare customer contracts*." Due to regulatory reasons, most PSE contracts cannot be automatically renewed; we must therefore compete in new public tenders upon the expiration of the relevant contract (which lasts approximately three years on average for integrated facility management services). See "*Business—Regulation*." Our Italian PSE contracts have an average duration of 3.9 years, calculated on the weighted average formula (annual value) taking into consideration contracts entered into in the years ended December 31, 2021, 2022 and 2023 and during the nine months ended September 30, 2024 (including both portfolio renewals and new business). We currently have a dedicated team of public tender specialists for our Facility Management Segment and our Laundering and Sterilization Segment. See also "*Risk factors—Risks related to our business—Our business could be adversely affected by the central role of centralized purchasing agencies in public procurement with regards to setting economic terms for our services or by ongoing initiatives to reform decentralization in Italy.*"

Private sector. Our private sector customers include large groups such as telecommunications service providers, private hospitals or healthcare facilities, banks, transportation operators or retailers. For large private sector customers, we focus on monitoring service delivery, achieving operational efficiencies and reducing costs per employee. Private sector contracts are generally shorter in length and can often contain automatic renewal clauses, which are typically utilized thus permitting us to benefit from long-term relationship with our customers. Our Italian private sector contracts have an average duration of 1.8 years, calculated on the weighted average formula (annual value) for contracts entered into in the years ended December 31, 2021, 2022 and 2023 and the nine months ended September 30, 2024 (including both portfolio renewals and new business). Because of their shorter duration, private sector contracts do not provide the same revenue visibility as healthcare or PSE contracts, but our private sector customers typically have shorter average payment periods and automatic or short-form renewals.

The duration of our international contracts tends to vary according to the type of PSE and the prevailing market practice in the relevant country. For instance, in the Polish healthcare sector, contracts tend to have an average duration of 2 to 2.5 years, while in France, the average duration is 4 to 5 years.

For further information regarding our contractual arrangements with the different categories of customers, see "*Business—Customers and contracts*."

Pricing pressures from customers; cost saving efforts

Pricing pressure has increased in recent years from all customers, particularly in the private sector, which has negatively contributed to our revenues. However, over time, we have re-defined our strategy to consolidate and further develop our historical core activities, with a particular focus on healthcare facility management, and have exited sectors which we have deemed not strategic for the Group, such as the photovoltaic plants, building activities, public lighting, business to consumer and lifting equipment maintenance sectors. Starting in 2022, our business was affected by inflationary pressures driven by macroeconomic trends. Inflationary pressures gradually began to decrease starting in 2023. For more information on the impact of inflationary pressures on our personnel costs and raw materials costs, see "*—Principal factors affecting our results of operations—Energy crisis*" and "*—Principal factors affecting our results of operations—Cost Structure—Personnel Costs*."

In addition, we have implemented certain cost saving actions mainly related to the rationalization of our Group's structure and the focus on our core activities through the disposal of non-core services where we believe we did not have sufficient scale. We believe these initiatives, together with our size, leading market position and technical expertise (in terms of organization, training and IT systems, among other things) have increased our operational efficiency and have allowed us to contain our costs, thus giving us the economies of scale necessary to provide our services to customers at attractive prices, without significantly compromising our revenue generation and while preserving Adjusted EBITDA margins. These margins were partially protected by subsidies we received to offset the rise in energy costs (electricity and gas) in the form of tax credits granted under Italian Decree Law no. 21 of 2022 (Conversion Law no. 51 of May 20, 2022). These subsidies amounted to €27.7 million and €17.7 million for the years ended December 31, 2022, and 2023, respectively.

For the years ended December 31, 2021, 2022 and 2023 and the nine months ended September 30, 2024, respectively, total revenue was equal to €1,122.0 million, €1,294.4 million, €1,186.8 million and €896.0 million and our Adjusted EBITDA margin was equal to 10.4%, 10.0%, 10.8% and 9.8%.

Energy crisis

The ongoing conflict between Russia and Ukraine, along with the resulting international tensions, dominated 2022. The sanctions imposed on Russia, as well as Russia's countermeasures, led to a sharp rise in prices, primarily for raw materials. Revenues from our Energy Management business within the Facility Management Segment are generally subject to fluctuations based on energy price volatility. In particular, some of our contracts in the Energy Management business are cost-based, meaning that increased commodity costs are passed through to the customer via recharging mechanisms. The vast majority of our contracts in this business are commodity-indexed, which means that all or a percentage of the revenues are linked to cost dynamics, using indices like ARERA and ISTAT to track commodity costs. A minimal percentage of our contracts are forfait, meaning that revenues are predetermined and not related to costs incurred, although certain contracts might be indexed to inflation. Our contracts that do not have price adjustment clauses are difficult to renegotiate, and the renegotiation process can take time and impact our revenues. This process can take time and impact our revenues. For the year ended December 31, 2023, we reported revenues of €1,186.8 million, a decline of €107.6 million, or 8.3%,

compared to €1,294.4 million for the year ended December 31, 2022. This decrease was primarily due to falling energy prices, which impacted pricing on energy service contracts.

Due to the crisis in Ukraine and the subsequent increase in energy prices, we have benefited from certain subsidies to offset the rise in energy costs (electricity and gas) in the form of tax credits granted under Italian Decree Law no. 21 of 2022 (Conversion Law no. 51 of May 20, 2022) during the period under review. These subsidies amounted to €27.7 million and €17.7 million for the years ended December 31, 2022, and 2023, respectively.

Trade receivables and payables

We calculate our days sales outstanding ("**DSO**") as 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 adding back trade receivables sold via existing non-recourse facilities to revenues over the reference period multiplied by the days of the reference period.

Since the third quarter of 2021, as a result of the energy crisis and the consequent increase in energy raw material prices, which have affected our invoicing terms (i.e., larger invoice amounts and extended payment terms), our DSOs have increased. As of December 31, 2022, our DSOs reached 167 days, reflecting an increase of 13 days compared December 31, 2021. Additionally, the level of non-recourse factoring rose to €101.5 million for the year ended December 31, 2022, an increase of €33.5 million compared to the previous year. This use of non-recourse factoring allowed us to manage cash flow effectively despite the challenging economic environment. In 2023, although DSO remained above the Group's historical levels prior to the 2022 energy crisis, there has been a decrease of six days compared to December 30, 2022. This improvement is attributed to the normalization of energy raw material prices and the cash inflow from price adjustments related to 2022. For the nine months ended September 30, 2024, there was a substantially stable DSO trend compared to the year December 31, 2023. The utilization of non-recourse and recourse factoring has decreased compared to the year ended December 31,2023, due to a reduction in revenues driven by currently lower energy prices.

We experienced a 54.1% increase in the amount of trade receivables that were overdue by at least 91 days from 2022 to 2023 and a 6.2% decrease in the amount of trade receivables that were overdue by at least 91 days from 2021 to 2022. Our allowance for doubtful accounts was €20.7 million as of December 31, 2023, representing 4.5% of our total trade receivables (this amount decreased to €20.2 million as of September 30, 2024, representing 4.1% of our total trade receivables). In connection with our contractual obligations to our healthcare customers, PSEs and other clients, we must make payments to our employees, sub-contractors and suppliers for labor, supplies and equipment; typically, we must make such payments even if our PSEs or healthcare customers have not yet paid us for services already rendered, which adversely affects our working capital. Because of difficulties in promptly collecting payments contractually due to us, we have historically financed part of our working capital through bank loans and by selling trade receivables on a non-recourse or recourse basis through factoring transactions.

Non-recourse factoring allows us to reduce the trade receivables balance: as of December 31, 2021, 2022 and 2023 and as of September 30, 2024, total trade receivables outstanding in our factoring facilities (without recourse to the Group) were equal to €68.0 million, €101.5 million, €62.8 million and €52.0 million, respectively. These factoring facilities effectively support our working capital. They do not however lower our DSOs, given that for the calculation of DSOs we add to the trade receivables the amount referred to trade receivables sold pursuant our non-recourse factoring programs and recourse sales of receivables do not lower our trade receivables. Net of trade receivables sold pursuant to our factoring programs, our DSOs as of and for the years ended December 31, 2021, 2022 and 2023 and as of and for the nine months ended September 30, 2024 stood at 133 days, 140 days, 143 days and 145 days, respectively. In the nine months ended September 30, 2024, we sold without recourse €196.9 million in receivables, while the amount of outstanding trade receivables sold under non-recourse factoring facilities but not yet collected by the factor was equal to €52.0 million. As of September 30, 2024, the amount outstanding under our recourse factoring lines was equal to €15.4 million.

Extended payment periods in Italy have required us to incur certain costs to finance our working capital requirements, including from: (i) the necessity to negatively adjust revenue to account for the late payments; (ii) the incurrence of costs related to short- and long-term bank financing and (iii) the incurrence of costs related to our factoring transactions.

We calculate our days payables outstanding ("**DPO**") as 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, to costs over the reference period related to external production factors (including capex) multiplied by the days of the reference period. Our DPOs were 213 days as of and for the year ended December 31, 2022,

compared to 220 days as of and for the year ended December 31, 2021. This DPOs trend was influenced by events in the energy sector and the management's responsive measures. As of and for the year ended December 31, 2023, the average DPOs decreased to 212 days, down from 213 days the previous year. Excluding the benefit of electricity and gas tax credits, the average DPOs would have been 198 days as of and for the year ended December 31, 2023 and 192 days as of and for the year ended December 31, 2022. In the fourth quarter of 2023, cash flows from customer collections and supplier payments totaled €39.4 million. This performance continued to reflect the impact of the energy sector, particularly higher volumes and increased pressure from energy suppliers, alongside management's actions such as shortening the billing period and utilizing available lines of credit. As of and for the nine months ended September 30, 2024, the average DPOs stood at 191 days, a decrease from 212 days as of and and for the year ended December 31, 2023, but an increase from 187 days as of and for the nine months ended September 30, 2023. Excluding energy and gas tax credits, the average DPOs would have been 191 days as of and for the nine months ended September 30, 2024, 198 days as of and for the year ended December 31, 2023, and 170 days as of and for the nine months ended September 30, 2023. The DPOs trend remained affected by previous energy sector events and management's actions, such as reducing the invoicing period and leveraging available credit lines. We have increasingly relied on reverse factoring lines through which our suppliers can be paid earlier, but such financings result in higher funding costs due to elevated interest rates and associated fees. As of September 30, 2024, the outstanding amount of reverse factoring was €13.5 million.

Costs structure

Price Adjustment mechanics

Our contracts in the Energy Management business include certain specific revenues mechanics. In particular, some of our contracts in the Energy Management business are cost-based, meaning that increased commodity costs are passed through to the customer via recharging mechanisms. The vast majority of our contracts in this business are commodity-indexed, which means that all or a percentage of the revenues are linked to cost dynamics, using indices like ARERA and ISTAT to track commodity costs. A minimal percentage of our contracts are forfait, meaning that revenues are predetermined and not related to costs incurred, although certain contracts might be indexed to inflation.

Contracts to supply PSEs and healthcare customers, which represented 82.6% of our customers for the twelve months ended September 30, 2024, with services and goods awarded pursuant to the Italian public procurement law, must provide for a periodic price adjustment. For more information, see "*Regulation— Cost overruns and adjustments*."

Personnel costs

Due to the nature of the services we provide, labor costs are a relevant element of our cost structure for our business activities. For certain of our PSEs and healthcare customer contracts, we are able to pass-through part of the increases in our labor costs through the application of the statutorily imposed periodic adjustments which are tied to the consumer price index reported by ISTAT. See "*Business—Regulation—Public Tenders—Cost overruns and adjustments.*"

Italian labor regulations generally place limits on an employer's ability to flexibly manage payroll costs. In compliance with such labor regulations, we actively monitor our labor utilization using labor planning tolls and we adjust the working hours (i.e. reduce overtime) or work assignments (i.e. site/facility assignment) accordingly in order to maximize the labor productivity of our workforce.

Our personnel costs include wages and salaries, social security costs, employee leasing costs, employee benefits, directors' fees and other personnel expenses. These costs increase, therefore, as our employee headcount increases.

Starting in 2022, as a result of the geopolitical situation at that time, inflation began to rise. We, however, believe we have limited exposure to inflationary risks related to labor costs. Most of our workforce is employed under the CCNL Multiservizi framework, which helps shield us from cost increases as it is not directly linked to inflation. The CCNL Multiservizi framework expired in December 2024. As of the date of this Offering Memorandum, there are ongoing discussions to renew it. See"*—Principal factors affecting our results of operations—Cost Structure—CCNL Multiservizi*."

For the years ended December 31, 2021, 2022 and 2023, our total labor costs were €460.2 million, €469.4 million and €486.0 million, respectively. As a percentage of total revenue, our labor costs slightly decreased from 41.0%

for the year ended December 31, 2021, to 36.3% for the year ended December 31, 2022, but increased again to 40.9% for the year ended December 31, 2023. For the nine months ended September 30, 2023 and 2024, respectively, our labor costs increased from €360.7 million to €379.2 million, or 41.4% and 42.3% as a percentage of total revenue.

As of September 30, 2024, we have recorded a provision of €1.2 million in relation to employment termination benefit (*Trattamento di Fine Rapporto* or *TFR*), in accordance with contractual and legal requirements, compared to €1.2 million as of September 30, 2023.

Legislative Decree 252/05, effective January 1, 2007, established that each employer shall transfer any accruing TFR to either a complementary pension fund or the Italian social security fund (INPS), in accordance with each employee's preference. As a result, the amount that we recorded in our Financial Statements refers to liabilities accrued up to December 31, 2006 and excludes payments made to complementary pension funds or to INPS since January 1, 2007.

CCNL Multiservizi

When we win public or private tenders in Italy to provide services to certain buildings or assets, the existing employees that service such assets (previously employed by the outgoing services provider) may be transferred to us pursuant to applicable law. For example, if we win a contract to provide facility management services for a customer's buildings, the cleaning, maintenance and grounds-keeping staff may be transferred to us pursuant to the CCNL Multiservizi. The price of the contract will include the necessary wages and social charges for such workers. As a result, we believe our startup costs are reduced by acquiring the employees knowledgeable about the particular buildings or assets. Conversely, if we lose a contract up for renewal or a contract expires, the workers servicing such buildings and assets are then shifted to the next service provider without further cost to us in most cases. For the years ended December 31, 2021, 2022 and 2023, we spent approximately €221.5 million, €215.2 million and €210.5 million, respectively, in costs for workers employed with these arrangements, equal to 61.7%, 60.7% and 61.0% of total domestic labor costs of the Group for such periods, respectively. The CCNL Multiservizi framework was renewed in July 2021 and expired in December 2024. As of the date of this Offering Memorandum, there are ongoing discussions to renew it. However, it is not possible to predict either the content or the time required to achieve such renewal. See also "*Business—Employees and labor arrangements—Transfer of employees.*"

Costs for services and use of third-party assets

For many of our contracts, we agree to provide services for which it is preferable (for reasons of cost, convenience and/or expertise) for us to hire a subcontractor to provide such services. In this case, these costs are recorded as "costs for services and use of third-party assets." For the years ended December 31, 2021, 2022 and 2023 and for the nine months ended September 30, 2023 and 2024, costs for services and use of third-party assets were €323.4 million, €335.9 million, €319.6 million, €233.8 and €238.2, respectively.

Productivity ratio

We calculate our "productivity ratio" on a consolidated basis, which is the ratio (expressed as a percentage) between total revenue and the sum of costs relating to internal and external personnel used in production activities (i.e., total personnel costs, cost of services rendered by third parties, cost of services rendered by consortia and professional services). We believe this ratio is an important guide to our profitability. For the years ended December 31, 2021, 2022 and 2023, our productivity ratios were 156%, 177% and 163%, respectively, which reflects an increase of our total revenue in relation to a different composition of our operating costs as well as a reduction of costs for external personnel and professional services.

Seasonality and working capital fluctuations

Our net working capital requirements remain generally stable quarter by quarter, with certain peaks in the first quarter as a result of payments to suppliers (in particular, energy) and in the third quarter as a result of payment to employees of an extra month's salary as well as payments of tax. In addition, net working capital requirements are lowest during the fourth quarter, when we focus on cash collection for the year end. In order to better manage net working capital needs, we utilize factoring facilities to transfer trade receivables for cash and reverse factoring facilities to defer trade payables. See "*Risk factors—Risks related to our business—An increase in DSOs and other factors may negatively affect our working capital and lead us to experience liquidity constraints*." As discussed further below (see "*—Energy crisis*"), DSOs (which include trade receivables sold pursuant to factoring facilities)

increased from 154 as of and for the year ended 2021 to 167 as of and for the year ended 2022 and then decreased to 161 as of and for the year ended 2023 due to the pressure from energy suppliers, and the consequent actions implemented by management, such as reducing the invoicing period and utilizing available lines of credit.

Factors affecting the comparability of our results of operations

Changes in our scope of consolidation

During the periods under review, we acquired certain businesses which were subsequently integrated into the Group that changed our scope of consolidation. These relevant companies and operating activities were consolidated during the year of their respective acquisitions' closing, with the effect that revenue, costs and results of operations of each acquired business were reflected in the Audited Consolidated Financial Statements from the date on which the control over the company was transferred to us. The following sets forth our most sizeable acquisitions completed under the periods under review:

- On June 1, 2021, the acquisition of U.Jet S.r.l., a trading company specializing in the production of non-woven fabric (TNT) devices primarily aimed at the healthcare market, as well as in the packaging and composition of disposable fabric surgical kits intended for the healthcare market, was completed;

- On December 22, 2022, the Issuer signed the deed of acquisition from Sacoa S.r.l., part of the same group led by MSC, for a "Major Customers" business unit. This unit comprises a unified set of legal relationships, assets, personnel, and activities for providing payroll processing services to Rekeep and its subsidiaries. The transfer of the business unit became effective on January 1, 2023. As part of this transaction, we proceeded with the insourcing of payroll processing and calculation, which were previously outsourced to Sacoa.

COVID-19

The COVID-19 pandemic had a notable impact on our operations in 2021. We saw increased demand for our services in the healthcare sector, particularly for sanitization, cleaning, and supplying PPE, as these customers focused on their core healthcare missions. However, revenue from non-healthcare sectors decreased due to postponed services and closures of customer premises, such as offices and retail locations. Despite these challenges, we maintained uninterrupted operations, ensuring compliance with regulations and the safety of our employees and clients. We also utilized governmental incentives to mitigate the decrease in demand. The COVID-19 pandemic's effects were primarily concentrated in 2021, with recovery and normalization in subsequent years.

Explanation of income statement items

The following presents the explanation of our key line items from our income statements prepared in accordance with IFRS.

Total revenue

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognized.

Rendering of services. The following are the main services provided by the Group separately or as part of integrated service contracts: (i) management and maintenance of buildings and properties, usually combined with heat and cold energy service management; (ii) cleaning and environmental hygienic services; (iii) maintenance of green spaces; (iv) project management services; and (v) linen rental, industrial laundering and sterilization services. Revenues from rendering of services are recognized on the basis of the stage of completion of the contract. The recognition of revenue and expenses by reference to the stage of completion of a contract is often referred to as the percentage of completion method. Under this method, contract revenue is matched with the contract costs incurred in reaching the stage of completion, resulting in the reporting of revenue, expenses and profit which can be attributed to the proportion of work completed. The stage of completion is measured through the analysis of actual performance compared with estimated results with regard to certain parameters contractually agreed with the clients or particularly relevant for the type of services rendered (*e.g.*, square meters, hours and costs incurred, hospital days). Based on the application of the percentage of completion method, contract revenues are recognized as revenues in our income statement in the accounting periods in which the work is performed. Contract costs are usually recognized as an expense in our income statement in the accounting periods in which the work to which they relate is performed.

However, any expected excess of total contract costs over total contract revenue for the contract is recognized as an expense immediately. In the statement of financial position, trade receivables accounts include revenues and part of revenues completed, both invoiced and not yet invoiced.

If an arrangement includes multiple elements, for instance plant renovation and construction, revenues are recognized with consideration of the fees allocated to the various elements based on vendor-specific objective evidence of fair value, regardless of any separate prices stated within the contract for each element using percentage of completion methodology. When the contract outcome cannot be measured reliably, revenue is recognized only to the extent of the expenses incurred that are recoverable.

Revenues recognized in excess of the amount billed in accordance with the percentage of completion method are recognized in our income statement and are classified as "Work in progress on order" under the trade receivables balance in the statement of financial position. Otherwise, the amount billed in excess of the revenues recognized is classified as "Advance payments from customers" under the trade payables balance and the related revenues are not recognized in the income statement.

Recognition of revenues and costs from contracts with customers. We use the percentage of completion method to account for activities on long-term contracts for the building and improvement of properties or technological plants for which we perform construction work.

Sale of goods. Revenues from the sale of goods are recognized when the significant risks and rewards of ownership are transferred to the buyer, which is usually when such goods are sold.

Costs of raw materials and consumables

Costs of raw materials and consumables corresponds to the costs of procuring raw materials, consumables, supplies and goods related to different types of inputs, net of premiums, discounts and rebates granted by the suppliers, as applicable. Our fuel delivery commitments pursuant to Energy Management business contracts include price adjustment clauses. Costs of raw materials and consumables have been partially offset by certain subsidies we received as compensation for the rise in energy costs (electricity and gas) in the form of tax credits granted under Italian Decree Law no. 21 of 2022 (Conversion Law no. 51 of May 20, 2022). These subsidies amounted to €27.7 million and €17.7 million for the years ended December 31, 2022, and 2023, respectively.

Costs for services and use of third-party assets

Costs for services and use of third-party assets include the cost of the activities we subcontract to third parties, consortia services costs related to TJAs, equipment maintenance and repair, professional services, transportation costs, advertising and promotional costs, insurance and sureties expenses, utilities and personnel services.

Personnel costs

Personnel costs includes wages and salaries, social security costs, employee leasing costs, employee benefits (current, post-employment and termination), directors' fees and other personnel expenses. Wage adjustments in connection with contract renewals and those in ordinary course of operations, leading to increased personnel costs, are generally passed through to customers in connection with mandatory price adjustments in our contracts that are indexed to an ISTAT indicator, a component of which includes changes in consumer price index for families of workers and employees.

Amortization/depreciation, write-downs and write-backs of assets

Amortization/depreciation, write-downs and write-backs of assets refers to amortization of intangible assets (excluding goodwill), depreciation of property, plant and equipment, amortization of rights of use, write-downs of trade receivables, investments and intangible assets (including impairment of goodwill), as well as any write-back of assets.

(Accrual)/reversal to provisions for risks and charges

Accruals to provisions for risks and charges are made when the Group has to fulfill a current obligation (legal or constructive) resulting from a past event, when it is likely that an outflow of resources will be required to settle an obligation and the amount can be reliably estimated.

These obligations can arise from, among other items, litigation, restructuring of businesses and other contingent liabilities. When the Group believes an allocation to the provision for risks and charges will be partially or fully reimbursed by a third-party (*e.g.*, in the event of risks covered by insurance policies) the compensation is recorded separately as an asset only if it is virtually certain. In such case, the cost of the relevant allocation net of the amount recorded for the compensation is recorded in the income statement. If the effect of discounting the value of money is significant, provisions are discounted using a pre-tax discount rate which reflects, where appropriate, the specific risks of the liabilities. When discounting is carried out, the increase in the provision due to the passing of time is recorded as a financial expense.

Financial expenses

Financial expenses include payments of interest under outstanding indebtedness (bank and other loans) as well as interest discounts on transfers of trade receivables.

Income taxes

Income tax is composed of current income tax expenses and deferred tax benefits or expenses (including tax losses and interest carry forward).

Italian corporations are subject to two different income taxes, the "**IRES**" and "**IRAP**."

As of January 1, 2017, IRES (corporate income tax) is levied at a theoretical rate of 24.0%. The IRES taxable income is determined by adjusting the profit before taxes by adding any un-deductible costs and subtracting any tax reduction and/or tax credit according to Italian tax law. Article 96, Presidential Decree No. 917 of December 22, 1986, as recently amended by Legislative Decree No. 142 of November 29, 2018, allows for the full tax deductibility of interest expense incurred by a company in each fiscal year up to the amount of the interest income of the same fiscal year and the interest income carried forward from previous fiscal years. A further deduction of interest expenses in excess of this amount is allowed up to a threshold of 30% of the EBITDA (i.e. *risultato operativo lordo della gestione caratteristica*) ("**ROL**") of the same fiscal year as well as 30% of ROL carried forward from previous fiscal years. The ROL is calculated on the basis of the value of the items of the company's profit and loss account, which are comprised of the operating gross revenues and expenses (excluding depreciation of tangible and intangible assets, as well as leasing fees), as determined through the application of the tax rules concerning the determination of the corporate income taxable base. Interest expenses that are not deductible in a given fiscal year because they exceed the abovementioned thresholds may be indefinitely carried forward and deducted in the following fiscal years, up to the amount of the interest income and ROL capacity not used for interest expenses deductibility purposes in those following fiscal years. Any excess of interest income not utilized in a fiscal year (where interest expense is lower than interest income) can be carried forward indefinitely in the following fiscal years. Any excess of 30% ROL not used for the deduction of the amount of interest expense that exceeds interest income in a fiscal year can be carried forward, increasing the amount of ROL capacity for the following five fiscal years.

In the case of an Italian tax group (*consolidato fiscale nazionale*), interest expenses not deducted by an entity within the tax group due to lack of interest income or ROL can be deducted at the tax group level, within the limit of the excess interest income and excess of ROL of the other companies within the tax group.

IRAP (regional business tax) is a local tax levied on the value of production generated in each Italian region. Currently, IRAP is levied at a theoretical rate of 3.9% (which can be increased at a regional level). Taxable income for IRAP purposes is the net value of production that is approximately equal to operating income plus personnel cost, less the deduction of the permanent employee and the total amount of social security contribution costs (for certain holding companies interest income are also relevant as well as 96% of interest expenses). Up to the fiscal year ended December 31, 2014, company were allowed to partially deduct from the IRAP taxable base the costs related to (a) permanent female employees, and (b) the permanent male employees under 35 years old. Starting from the fiscal year ended December 31, 2015, the deduction of labor costs for IRAP purposes depends on the type of hiring contract. In particular, the costs related to employees hired with an open-ended contract are full deductible. Such deductions for companies conducting a labor-intensive business, with permanently employed staff, significantly reduced the IRAP.

Results of operations

The following table sets forth the Group's consolidated statement of income for the year ended December 31, 2021, 2022 and 2023 and for the nine months ended September 30, 2023 and 2024. The financial information has

been derived from the Audited Consolidated Financial Statements and the Unaudited Interim Condensed Consolidated Financial Statements included elsewhere in this Offering Memorandum.

Consolidated statement of income

(thousands of €, except percentages)	For the year ended December 31,						For the nine months ended September 30,			
	2021		2022		2023		2023(1)(*)		2024(*)(3)	
		% of revenue		% of revenue		% of revenue		% of revenue		% of revenue
Total revenue	**1,122,025**	**100%**	**1,294,376**	**100%**	**1,186,769**	**100%**	**870,197**	**100%**	**896,004**	**100%**
Cost of raw materials and consumables	(214,966)	(19.2)%	(352,579)	(27.2)%	(253,764)	(21.4)%	(178,935)	(20.6)%	(187,046)	(20.9)%
Change in inventories of finished and semi-finished products	(918)	(0.1)%	217	0.0%	207	0.0%	(48)	(0.0)%	291	0.0%
Cost for services and use of third-party assets	(323,352)	(28.8)%	(335,877)	(25.9)%	(319,607)	(26.9)%	(233,794)	(26.9)%	(238,150)	(26.6)%
Personnel costs	(460,196)	(41)%	(469,406)	(36.3)%	(485,972)	(40.9)%	(360,684)	(41.4)%	(379,187)	(42.3)%
Other operating costs	(13,606)	(1.2)%	(10,923)	(0.8)%	(9,860)	(0.8)%	(7,160)	(0.8)%	(7,525)	(0.8)%
Capitalization pf lower internal construction costs	140	0.0%	552	0.0%	957	0.1%	453	0.1%	1,314	0.0%
Amortization/depreciation, write-downs and write-backs of assets	(41,477)	(3.7)%	(41,912)	(3.2)%	(47,721)	(4.0)%	(30,766)	(3.5)%	(33,194)	(3.7)%
(Accrual)/reversal to provisions for risks and charges	(5,471)	(0.5)%	(13,505)	(1.0)%	(14,964)	(1.3)%	(11,248)	(1.3)%	(1,743)	(0.2)%
Total operating costs	**(1,059,846)**	**(94.5)%**	**(1,223,433)**	**(94.5)%**	**(1,130,724)**	**(95.3)%**	**(822,182)**	**(94.5)%**	**(845,240)**	**(94.3)%**
Operating income	**62,179**	**5.5%**	**70,943**	**5.5%**	**56,045**	**4.7%**	**48,015**	**5.5%**	**50,764**	**5.7%**
Share of net profit of associates	1,267	0.1%	703	0.05%	(24)	(0.0)%	102	0.0%	335	(0.0)%
Dividends, net income/(loss) from sale of investments	1,498	0.1%	(478)	(0.03)%	312	0.0%	312	0.0%	255	0.0%
Financial income	1,055	0.1%	2,773	0.2%	2,282	0.2%	1,310	0.2%	3,028	0.3%
Financial expenses	(69,681)	(6.2)%	(43,568)	(3.4)%	(56,509)	(4.8)%	(39,630)	(4.6)%	(59,203)	(6.6)%
Gains/(losses) on exchange rate	424	0.0%	876	0.1%	(1,529)	(0.1)%	304	0.0%	326	0.0%
Profit/(losses) before taxes from continuing operations	**(3,258)**	**(0.3)%**	**31,249**	**2.4%**	**577**	**0.0%**	**10,413**	**1.2%**	**(4,495)**	**(0.5)%**
Income taxes	(17.743)	(1.6)%	(3,750)	(0.3)%	(13,108)	(1.1)%	(9,998)	(1.1)%	(10,960)	(1.2)%
Profit/(losses) after taxes from continuing operations	**(21,001)**	**(1.9)%**	**27,499**	**2.1%**	**(12,531)**	**(1.1)%**	**415**	**0.05%**	**(15,455)**	**(1.7)%**
Profit/(losses) after tax from discontinued operations	16	0 %	—	0%	—	0%	—	0%	—	0%
Net profit/(loss) for the year/period	**(20,985)**	**(1.9)%**	**27,499**	**2.1%**	**(12,531)**	**(1.1)%**	**415**	**0.05%**	**(15,455)**	**(1.7)%**
Non-controlling interests	(1,603)	(0.1)%	(368)	(0.03)%	(690)	(0.1)%	(745)	(0.1)%	(708)	(0.1)%

(1) Derived from the comparative column in the unaudited interim condensed consolidated income statements for the nine months ended September 30, 2024.

* Unaudited

Segment reporting

We organize, manage and report the following two segments under IFRS 8:

- Facility Management Segment; and
- Laundering and Sterilization Segment.

Our Facility Management Segment, as further described under "*Business*," includes the activities that we carry out in international markets, including Poland, France, Saudi Arabia and Turkey. It also includes the following activities: Cleaning, Technical, Catering, Energy Management and Other facility management services. Along with the traditional Facility Management activities, we offer certain specialized services, including mail services and document management. For the year ended December 31, 2023 and for the nine months ended September 30, 2024, our Facility Management Segment generated €1,051.2 million and €798.7 million in revenue, respectively, or 88.6% and 89.1%, respectively, of our total revenue (gross of intra-group eliminations). For the year ended December 31, 2023 and for the nine months ended September 30, 2024, our International Markets division of our Facility Management Segment generated €212.0 million and €204.6 million in revenue, respectively, or 17.9% and 22.5% respectively of our total revenue.

Our Laundering and Sterilization Segment, as further described under "*Business*," includes only such eponymous activities. For the year ended December 31, 2023 and for the nine months ended September 30, 2024, our Laundering and Sterilization Segment generated €153.9 million and €109.8 million in revenue, respectively, or 13.0% and 12.1%, respectively, of our total revenue (gross of intra-group eliminations).

The following table shows our total revenue by sector for the years ended December 31, 2021, 2022 and 2023 and for the nine months ended September 30, 2023 and 2024.

(thousands of €, except percentages)	For the year ended December 31,						For the nine months ended September 30,			
	2021		2022		2023		2023(*)		2024(*)	
Total revenue by Segment		% of revenue		% of revenue		% of revenue		% of revenue		% of revenue
Facility Management Segment	975,196	86.9%	1,158,704	89.5%	1,051,179	88.6%	769,314	88.4%	798,682	89.1%
of which International markets	*156,467*	*14.0%*	*188,476*	*14.6%*	*211,992*	*17.9%*	*154,992*	*17.8%*	*204,649*	*22.8%*
Laundering and Sterilization Segment	150,471	13.4%	144,504	11.2%	153,936	13.0%	113,767	13.1%	109,750	12.2%
Intra-group eliminations	(3,642)	(0.3)%	(8,832)	(0.7)%	(18,346)	(1.5)%	(12,884)	(1.5)%	(12,428)	(1.4)%
Total revenue	**1,122,025**	**100%**	**1,294,376**	**100%**	**1,186,769**	**100%**	**870,197**	**100%**	**896,004**	**100%**

* Unaudited

We are a service provider for a diverse base of healthcare (public and private) customers, PSEs and private sector customers with whom we have long-term relationships. We categorize our customers in this fashion because our experience indicates that each category places different priorities on the services they outsource and we therefore tailor our services, pricing, technical specifications and customer care accordingly.

The following table shows our total revenue by customer type for the years ended December 31, 2021, 2022 and 2023 and for the nine months ended September 30, 2023 and 2024.

(thousands of €, except percentages)	For the year ended December 31,						For the nine months ended September 30,			
	2021		2022		2023		2023(*)		2024(*)	
Total revenue by Market		% of revenue		% of revenue		% of revenue		% of revenue		% of revenue
PSEs (excluding healthcare)	223,280	19.9%	253,046	19.6%	221,306	18.6%	159,205	18.3%	159,185	17.8%
Healthcare(1)	654,553	58.3%	790,189	61.0%	752,140	63.4%	551,703	63.4%	580,193	64.8%
Private sector customers	244,192	21.8%	251,141	19.4%	213,323	18.0%	159,289	18.3%	156,626	17.4%
Total revenue	**1,122,025**	**100%**	**1,294,376**	**100%**	**1,186,769**	**100%**	**870,197**	**100%**	**896,004**	**100%**

* Unaudited

(1) Healthcare customers only includes PSEs involved in the healthcare sector and does not include the few private sector healthcare customers of the Group which are classified under private sector customers.

Nine months ended September 30, 2024 compared to the nine months ended September 30, 2023

Total revenue

Our total revenue increased by €25.8 million, or 3.0%, from €870.2 million for the nine months ended September 30, 2023, to €896.0 million for the nine months ended September 30, 2024. The increase was primarily due to an increase in the revenues generated in International Markets which increased by €49.6 million, or 32.0%, from €155.0 million for the nine months ended September 30, 2023, to €204.6 million for the nine months ended September 30, 2024. The increase was largely driven by revenues generated by the sub-group controlled by Rekeep Polska which accounted for €174.4 million of our revenue for the period and in particular, in catering services, which saw an overall increase in revenues of €43.6 million. Revenues generated in International Markets were also affected by our acquisition and start-up of facility management contracts in Saudi Arabia, mainly in the healthcare sector. The increase in total revenues for the period was affected by price trends, particularly in energy, which impacted revenue performance until the first quarter of 2023. Energy prices remained high until the first quarter of 2023 but began a downward trend that continued throughout the year. During this period, some contracts in our portfolio were terminated, this was partially offset by the full operation of projects from contracts acquired in the latter half of 2023. See "*—Principal factors affecting our results of operations—Macroeconomic factors*," "*—Principal factors affecting our results of operations—Cost structure—Price Adjustment mechanics*" and "*—Principal factors affecting our results of operations—Energy crisis*."

Revenues in the Facility Management Segment increased by €29.4 million, or 3.8%, from €769.3 million for the nine months ended September 30, 2023, to €798.7 million for the nine months ended September 30, 2024. This increase was supported by positive contributions from International Markets, which offset domestic market losses due to contract completions, which were only partially mitigated by new orders.

Revenues in the Laundering and Sterilization Segment decreased by €4.0 million, or 3.5%, from €113.8 million for the nine months ended September 30, 2023, to €109.8 million for the nine months ended September 30, 2024. The decrease was primarily due to the termination of contracts, particularly in linen rental and industrial

laundering services, which were only partially offset by the full operation of projects from contracts in the surgical kits business segment acquired at the end of 2023.

Revenues from the Healthcare customers increased by €28.5 million, or 5.2%, from €551.7 million for the nine months ended September 30, 2023 to €580.2 million for the nine months ended September 30, 2024. The increase was driven by revenues generated in the International Markets segment, which increased by €41.6 million and were partially offset by the revenues generated in our domestic market which experienced a negative trend due to a different portfolio mix. Revenues from PSEs (excluding healthcare) for the nine months ended September 30, 2024 remained consistent with the previous period, whereas revenues from private sector customers for the nine months ended September 30, 2024 experienced a decrease of €2.7 million compared to the previous period, resulting from contract terminations that were only partially offset by new orders.

Costs of raw materials and consumables

Costs of raw materials and consumables increased by €8.1 million, or 4.5%, from €179.0 million for the nine months ended September 30, 2023, to €187.0 million for the nine months ended September 30, 2024. These costs represented 23.1% of the total Costs of Production for the nine months ended September 30, 2024, compared to 22.9% for the nine months ended September 30, 2023. The increase was primarily due to a decline in raw material prices compared to the same period the previous year while inflationary pressures, although easing, remained significant. This decline was partially offset by the non-renewal of the tax credit granted under Decree Law No. 21 of 2022 (Conversion Law No. 51 of May 20, 2022). This tax credit had previously helped mitigate higher electricity and natural gas costs, providing a benefit of €18.2 million for the nine months ended September 30, 2023.

See "*—Principal factors affecting our results of operations—Macroeconomic factors*" and "*—Principal factors affecting our results of operations—Energy crisis*."

Costs for services and use of third-party assets

Costs for services and use of third-party assets increased by €4.4 million, or 1.9%, from €233.8 million for the nine months ended September 30, 2023, to €238.2 million for the nine months ended September 30, 2024. These costs accounted for 29.4% of total Costs of Production for the nine months ended September 30, 2024, compared to 30.0% for the nine months ended September 30, 2023. The variation in the proportion of Costs for services and use of third-party assets was directly related to production activities, including third-party and professional services, as well as consortia costs. These are typically influenced by the mix of services delivered and any resulting make-or-buy decisions. In the first nine months of 2024, the domestic market showed a greater tendency to outsource certain activities compared to international markets, particularly in Poland, where the opposite trend was observed.

Amortization/depreciation, write-downs and write-backs of assets

For the nine months ended September 30, 2024, amortization, depreciation, write-downs, and write-backs of assets increased by €2.4 million, or 7.9%, from €30.8 million for the nine months ended September 30, 2023, to €33.2 million for the nine months ended September 30, 2024. This increase was primarily due to a rise in capital expenditure for the nine months ended September 30, 2024, compared to the nine months ended September 30, 2023.

Personnel costs

Personnel costs increased by €18.5 million, or 5.1%, from €360.7 million for the nine months ended September 30, 2023, to €379.2 million for the nine months ended September 30, 2024. These costs represented 46.2% and 46.8% of total Costs of Production for the respective periods. The average number of employees during the first nine months of 2024 was 25,114, compared to 25,715 in the same period of the previous year, with manual workers accounting for 23,244 and 23,872, respectively. Similar to the costs for services, the trend in the number of Group employees, particularly manual workers, was closely linked to the mix of services delivered and the impact of related costs on total operating costs. Additionally, wage and salary adjustments in line with the cost of living, especially in France and Poland, were significant during the period.

(Accrual)/reversal to provisions for risks and charges

Accruals to provisions for risks and charges decreased by €9.5 million, or 84.8%, from €11.2 million for the nine months ended September 30, 2023, to €1.7 million for the nine months ended September 30, 2024. This decrease

was primarily attributable to the recognition of a non-recurring provision for charges linked to the international arbitration involving the subsidiary Rekeep Saudi.

Operating income

Operating income increased by €2.8 million, or 5.8%, from €48.0 million for the nine months ended September 30, 2023, to €50.8 million for the nine months ended September 30, 2024. This increase was due to an increase in the Facility Management Segment's operating income of €4.2 million, or 9.9%, from €42.5 million for the nine months ended September 30, 2023, to €46.7 million for the nine months ended September 30, 2024. This was partially offset by a decrease in the Laundering and Sterilization Segment's operating income of €1.6 million, or 28.6%, from €5.6 million for the nine months ended September 30, 2023, to €4.0 million for the nine months ended September 30, 2024.

Capitalization of lower internal construction costs

Capitalization of lower internal construction costs increased by €0.8 million from €0.5 million for the nine months ended September 30, 2023 to €1.3 million for the nine months ended September 30, 2024. The increase relates 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 our subsidiary Cefalù Energia S.r.l.

Other operating costs

Other operating costs increased by €0.3 million, or 4.2%, from €7.2 million for the nine months September 30, 2023, to €7.5 million for the nine months ended September 30, 2024. This category primarily includes taxes, penalties, and other operating charges.

Financial income

Financial income increased by €1.7 million, from €1.3 million for the nine months ended September 30, 2023, to €3.0 million for the nine months ended September 30, 2024.

Financial charges

Financial charges increased by €19.6 million, or 49.5%, from €39.6 million for the nine months ended September 30, 2023, to €59.2 million for the nine months ended September 30, 2024. The financial charges include costs related to the present value of contingent liabilities for put options granted to minority shareholders of Rekeep Polska and Rekeep France, amounting to €19.7 million as of September 30, 2024, compared to €0.8 million as of September 30, 2023, an increase of €18.8 million. Notably, on June 10, 2024, an amendment to the agreements with the minority shareholder of Rekeep Polska was signed, postponing the exercise date of the put option to between December 31, 2027 and December 31, 2028, with a possible extension of an additional three years, compared to the originally planned date between October 30, 2024 and October 30, 2025.

Financial charges on the coupons of the Senior Secured Notes amounted to €20.0 million for the nine months ended September 30, 2024, compared to €19.7 million for the nine months ended September 30, 2023. The upfront fees related to the issuance of the Existing Notes, accounted for using the amortized cost method, resulted in financial amortization charges of €1.3 million for the nine months ended September 30, 2024, up from €1.2 million for the nine months ended September 30, 2023.

The costs of the 2021 Revolving Credit Facility, initially equal to €1.3 million, are amortized on a straight-line basis over the term of the credit facility, incurring financial charges of €0.6 million for the period, including commitment fees charged by banks, consistent with the same period the previous year. The use of the 2021 Revolving Credit Facility during the first nine months ended September 30, 2024 led to financial costs of €1.2 million for the nine months ended September 30, 2024, compared to €1.1 million for the nine months ended September 30, 2023. The 2021 Revolving Credit Facility was partially used to meet temporary cash requirements, with a residual balance of €15 million as of September 30, 2024, whereas in 2023, the facility used during the nine months had been fully repaid by the reporting date.

Additionally, on May 15, 2024, we entered into a €12.0 million credit line with Banca Sistema S.p.A., in addition to a confirming credit line agreement for €60.0 million with SACE Fct S.p.A. entered into on April 20, 2023, with both being guaranteed by SACE S.p.A. These lines incurred financial charges of €1.5 million for the nine months ended September 30, 2024, compared to €1.6 million for the nine months ended September 30, 2023, when only the first line was operational.

Interest discount costs for non-recourse assignments of trade and VAT receivables increased by €0.1 million from €3.1 million for the nine months ended September 30, 2023, to €3.2 million for the nine months ended September 30, 2024. Assignments with recourse and reverse factoring facilities generated financial costs of €2.0 million for the nine months ended September 30, 2024, compared to €2.2 million for the nine months ended September 30, 2023.

Additional financial costs decreased by €0.4 million, or 23.5%, from €1.7 million for the nine months ended September 30, 2023, to €1.3 million for the nine months ended September 30, 2024. Additional financial costs consist primarily of leases as well as bank interest expenses and financial charges on minor loans.

(Profit) / Losses before taxes from continuing operations

Profit before taxes from continuing operations decreased by €14.9 million, or 143.2%, from a profit of €10.4 million for the nine months ended September 30, 2023 to a loss of €4.5 million for the nine months ended September 30, 2024. This decrease was mainly attributed to the rise in the value of the contingent liability for the put option related to the acquisition of an additional 20% stake in the share capital of Rekeep Polska.

Income taxes

Income taxes increased by €1.0 million, or 10.0%, from €10.0 million for the nine months ended September 30, 2023, to €11.0 million for the nine months ended September 30, 2024. This was primarily due to certain non-taxable items in the nine months ended September 30, 2023.

Profit/(loss) for the period

Net profit for the period decreased by €15.9 million, from a profit of €0.4 million for the nine months ended September 30, 2023, to a loss of €15.5 million for the nine months ended September 30, 2024, due to the reasons described above.

Year ended December 31, 2023 compared to the year ended December 31, 2022

Total revenue

For the year ended December 31, 2023, we reported revenues of €1,186.8 million, a decline of €107.6 million, or 8.3%, compared to €1,294.4 million for the year ended December 31, 2022. This decrease was primarily due to falling energy prices, which impacted pricing on energy service contracts, and portfolio exits that were only partially offset by new contracts initiated in late 2022 and 2023. See "*—Principal factors affecting our results of operations—Macroeconomic factors*" and "*—Principal factors affecting our results of operations—Energy crisis*."

The Facility Management segment revenues decreased by €107.5 million, or 9.3%, from €1,158.7 million for the year ended December 31, 2022, to €1,051.2 million for the year ended December 31, in 2023. This was largely due to the drop in energy prices and the exit of certain contracts in the Public and Private markets, as well as the early termination of the contract for the operation and maintenance services of four Riyadh metro lines in July 2023, which led to an international arbitration procedure in Saudi Arabia. See "*Summary—Recent Developments*." The Facility Management segment accounted for 88.6% of total consolidated revenues, down slightly from 89.5% in 2022. International Markets contributed €212.0 million to the segment's revenues, a 12.5% increase, due to an increase in Rekeep Polska's catering services revenues and new contracts in France. The Laundering and Sterilization segment saw an increase in revenues, rising by €9.4 million to €153.9 million, benefiting from contracts that became fully operational in late 2022 and early 2023.

Revenues from the Healthcare customers decreased by €38.1 million, or 4.8%, from €790.2 million for the year ended December 31, 2022, to €752.1 million for the year ended December 31, 2023, representing 63.4% of total revenues. The decline was mainly due to a €42.1 million reduction in revenues from the Facility Management segment, influenced by differing price trends in 2023 compared to 2022. In contrast, revenues from our Laundering and Sterilization segment increased by €4.0 million in respect of Healthcare customers, driven by new contracts and portfolio expansion by Medical Device and U.Jet S.r.l. Revenues from PSEs and private customers were also affected by price trends, with revenues decreasing by €31.7 million and €37.8 million, respectively for the year ended December 31, 2023 as compared to the year ended December 31, 2022.

Costs of raw materials and consumables

Costs of raw materials and consumables decreased by €98.8 million, or 28.0%, from €352.6 million for the year ended December 31, 2022 to €253.8 million for the year ended December 31, 2023. As a result of such decrease, the costs of raw materials and consumables counted for 23.8% of total costs of production as of December 31, 2023, down by 6.4% from 30.2% as of December 31, 2022. The decrease in costs of raw materials and consumables was mainly due to lower costs 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 pressures were most pronounced. In both 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 May 20, 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 as of December 31, 2023 and €27.7 million as of December 31, 2022. See "*—Principal factors affecting our results of operations—Macroeconomic factors*" and "*—Principal factors affecting our results of operations—Energy crisis*."

Costs for services and use of third-party assets

For the year ended December 31, 2023, costs for services and use of third-party assets slightly decreased by €16.3 million, or 4.8%, from €335.9 million for the year ended December 31, 2022, to €319.6 million for the year ended December 31, 2023. This trend in costs was directly related to production activities, including third-party and professional services, as well as consortia costs. These expenses are typically influenced by the mix of services delivered and any resulting make-or-buy decisions.

Personnel costs

For the year ended December 31, 2023, personnel costs increased by €16.6 million, or 3.5%, from €469.4 million for the year ended December 31, 2022, to €486.0 million for the year ended December 31, 2023. Despite this increase, the impact on the total production costs was limited, accounting for 45.5% as of December 31, 2023, compared to 40.2% in the previous year. The average number of employees during 2023 was 25,723, down from 26,748 in 2022, with manual workers comprising 23,877 compared to 24,939 previously. Similar to the trend observed in service costs, the fluctuation in the number of employees, particularly manual workers, was closely linked to the mix of services in progress, influencing the impact of related costs on total operating expenses.

Amortization/depreciation, write-downs and write-backs of assets

For the year ended December 31, 2023, amortization, depreciation, write-downs, and write-backs of assets increased by €5.8 million, or 13.9%, from €41.9 million for the year ended December 31, 2022, to €47.7 million for the year ended December 31, 2023. This increase was primarily due to the depreciation of property, plant, and equipment, both owned and leased, as well as higher write-downs of receivables totaling €4.1 million, of which €2.4 million related to the subsidiary Rekeep Saudi Co Ltd.

(Accrual)/reversal to provisions for risks and charges

Accruals to provisions for risks and charges increased by €1.5 million, or 10.8%, rising from €13.5 million for the year ended December 31, 2022, to €15.0 million for the year ended December 31, 2023. This increase was primarily attributable to provisions booked for legal proceedings.

Operating income

Operating income decreased by €14.9 million, or 21.0%, from €70.9 million for the year ended December 31, 2022, to €56.1 million for the year ended December 31, 2023. This decline was due to a reduction in the Facility Management Segment's operating income of €19.0 million, or 28.2%, from €67.3 million for the year ended December 31, 2022, to €48.3 million for the year ended December 31, 2023. Partially offset by an increase in the Laundering and Sterilization Segment's operating income of €4.1 million, or 113.5%, from €3.6 million for the year ended December 31, 2022, to €7.7 million for the year ended December 31, 2023.

Financial expenses

Financial expenses increased by €13.0 million, or 29.7%, from €43.6 million for the year ended December 31, 2022, to €56.5 million for the year ended December 31, 2023. This increase was primarily driven by charges related to the assignment of trade receivables and tax credits to MSC, which totaled €4.7 million, up from €3.4 million in 2022. Additionally, financial costs for assignments with recourse and reverse factoring rose to €3.0

million from €1.6 million, and costs associated with lease financial liabilities increased to €2.2 million from €1.1 million in the previous year. These factors collectively contributed to the overall rise in financial expenses for 2023.

Profit before taxes from continuing operations

Profit before taxes from continuing operations decreased by €30.7 million, or 98.2%, from €31.2 million for the year ended December 31, 2022, to €0.6 million for the year ended December 31, 2023.

Income taxes

Income tax increased by €9.4 million, from €3.7 million for the year ended December 31, 2022, to €13.1 million for the year ended December 31, 2023. Key changes included a €1.6 million increase in our current IRES tax balance and a €0.7 million rise in income from tax consolidation. The increase was partially offset by a €1.0 million decrease in the current IRAP tax balance. Adjustments to current taxes related to previous years resulted in a positive adjustment of €0.5 million, compared to €7.0 million in 2022, when supplementary tax returns were submitted by the Issuer and its subsidiaries, recording income of €6.2 million. Additionally, a net charge of €1.6 million was recognized for the total balance of prepaid and deferred taxes, compared to a net income of €1.2 million in 2022.

Profit/(loss) for the year

Net profit for the year decreased by €40.0 million, from €27.5 million for the year ended December 31, 2022, to a loss of €12.5 million for the year ended December 31, 2023. This decrease was primarily attributable to the factors discussed above.

Year ended December 31, 2022 compared to the year ended December 31, 2021

Total revenue

Total revenues increased by €172.4 million, or 15.4%, from €1,122.0 million for the year ended December 31, 2021, to €1,294.4 million for the year ended December 31, 2022. This growth was primarily driven by an increase in turnover from energy contracts.

Revenues from the Facility Management Segment increased by €183.5 million, or 18.8%, from €975.2 million for the year ended December 31, 2021, to €1,158.7 million for the year ended December 31, 2022. The increase was due to contributions from all business segments, and in particular from the healthcare market. Additionally, International Markets contributed positively, contributing €32.0 million to the Facility management Segment's revenues, largely due to the strong performance of the sub-group controlled by Rekeep Polska and the French subsidiaries in the healthcare sector.

Revenues from the Laundering and Sterilization Segment decreased by €6.0 million, from €150.5 million for the year ended December 31, 2021, to €144.5 million for the year ended December 31, 2022, due to the postponement of operations on some contracts by subsidiary Servizi Ospedalieri and a return to pre-COVID-19 levels in PPE sales by subsidiaries Medical Device and U.Jet S.r.l.

Revenues from the Healthcare customers increased by €135.6 million, or 20.7%, €654.6 million for the year ended December 31, 2021, to €790.2 million for the year ended December 31, 2022 and accounting for 61.0% of total revenues. Revenues from private customers increased by €7.0 million, or 2.9%, from €244.2 million for the year ended December 31, 2021, to €251.1 million for the year ended December 31, 2022. The increase was primarily due to the increase in revenues from the Facility Management sector. This growth was driven by the expansion of offerings to existing customers and the acquisition of new orders, particularly by subsidiary H2H Facility Solutions, which offset turnover losses from outgoing contracts. Revenues from PSEs (excluding healthcare) increased by €29.8 million, or 13.3%, from €223.3 million for the year ended December 31, 2021, to €253.0 million for the year ended December 31, 2021. The 2022 financial year marked a full resumption of routine work, especially compared to the early months of 2021. Revenues from PSEs (excluding healthcare) and healthcare customers were significantly impacted by increased prices charged to customers under energy contracts due to rising raw material costs. See "*—Principal factors affecting our results of operations—Macroeconomic factors*" and "*—Principal factors affecting our results of operations—Energy crisis*."

Costs of raw materials and consumables

Costs of raw materials and consumables increased by €137.6 million, or 64.0%, from €215.0 million for the year ended December 31, 2021, to €352.6 million for the year ended December 31, 2022. This increase was primarily driven by higher fuel consumption costs and other energy resources, resulting from a surge in raw material prices. Despite these elevated costs, the impact was partially mitigated by the tax credit recognized under Decree Law no. 21 of 2022 (Conversion Law no. 51 of May 20, 2022). This tax credit provided partial compensation, with incremental percentages over time, for the increased expenses related to the purchase of electricity and natural gas starting from the second quarter of the year, amounting to €27.7 million for the Group. See "*—Principal factors affecting our results of operations—Macroeconomic factors*" and "*—Principal factors affecting our results of operations—Energy crisis*."

Costs for services and use of third-party assets

Costs for services and use of third-party assets increased by €12.5 million, or 3.9%, from €323.4 million for the year ended December 31, 2021, to €335.9 million for the year ended December 31, 2022. Consequently, their impact on total production costs declined from 31.9% in 2021 to 28.8% in 2022. This reduction was primarily attributed to changes in production activities, including third-party and professional services, as well as consortia costs. These costs are typically influenced by the mix of services delivered and any resulting make-or-buy decisions.

Personnel costs

Personnel costs increased by €9.2 million, or 2.0%, from €460.2 million for the year ended December 31, 2021, to €469.4 million for the year ended December 31, 2022. The average number of employees during 2022 was 26,748, compared to 27,528 in the previous year, with manual workers accounting for 24,939 and 25,786, respectively. This figure reflects the inclusion of staff members transferred from MSC, following the acquisition of the "Personnel Activities" business unit on July 1, 2022, who were already part of the Group under staffing agreements. Similar to the trend observed in service costs, the fluctuation in the number of Group employees, particularly manual workers, was closely linked to the mix of services being provided, which also influenced the impact of related costs on total operating expenses.

Amortization/depreciation, write-downs and write-backs of assets

Amortization, depreciation, write-downs, and write-backs of assets increased by €0.4 million, or 1.0%, from €41.5 million for the year ended December 31, 2021, to €41.9 million for the year ended December 31, 2022. This increase was primarily due to a €1.8 million increase in amortization and depreciation, mainly associated with property, plant, and equipment, both owned and leased in addition to a reduction in write-downs of receivables amounting to €1.4 million.

(Accrual)/reversal to provisions for risks and charges

Accrual to provisions for risks and charges increased by €8.0 million from €5.5 for the year ended December 31, 2021, to €13.5 million for the year ended December 31, 2022. This increase was primarily attributable to provisions booked for the installment to be paid for the notice of payment issued by the Revenue Agency relating to certain fine issued by the Italian Competition Authority.

Operating income/(loss)

Operating income increased by €8.7 million, or 14.1%, from €62.2 million for the year ended December 31, 2021, to €70.9 million for the year ended December 31, 2022. This increase was driven by an increase in the Facility Management Segment's operating income, which increased by €19.4 million, or 40.3%, from €47.9 million for the year ended December 31, 2021, to €67.3 million for the year ended December 31, 2022. Partially offset by a decrease in the Laundering and Sterilization Segment's operating income, decreasing by €10.6 million, or 74.6%, from €14.2 million for the year ended December 31, 2021, to €3.6 million for the year ended December 31, 2022.

Financial expenses

Financial expenses decreased by €26.1 million, or 37.5%, from €69.7 million for the year ended December 31, 2021, to €43.6 million for the year ended December 31, 2022. This reduction was primarily attributed to the refinancing transaction we executed in early 2021. The transaction involved the early redemption of senior secured notes issued in 2017, which were due in 2022 and carried a 9% annual fixed rate interest rate and were replaced

by the Existing Notes. The refinancing resulted in non-recurring financial charges of €23.7 million for the year ended December 31, 2021, comprising: (i) €15.0 million in costs related to the early redemption, based on the redemption premium specified in the 2017 senior secured notes' terms; (ii) €5.8 million from the reversal through profit or loss of the remaining additional issuance costs from 2017, accounted for using the amortized cost method; and (iii) €0.3 million from the reversal through profit or loss of the remaining costs associated with the previous revolving credit facility, which was repaid on the same date and amortized on a straight-line basis over the facility's term.

Profit before taxes from continuing operations

Profit before taxes from continuing operations increased by €34.5 million, from a loss of €3.3 million for the year ended December 31, 2021 to a profit of €31.2 million for the year ended December 31, 2022. This increase is mainly attributable to the aforementioned reasons.

Income taxes

For the year ended December 31, 2022, income taxes decreased by €14.0 million, or 78.9%, from €17.7 million for the year ended December 31,2021, to €3.7 million for the year ended December 31, 2022. This significant reduction was primarily driven by several key factors: (i) a €4.3 million decrease in the current IRES tax balance, (ii) a €0.3 million decrease in the current IRAP tax balance, and (iii) a €0.7 million decrease in the balance of income from tax consolidation. Additionally, there were positive adjustments to current taxes related to previous years amounting to €7.0 million, compared to negative adjustments of €0.4 million as of December 31, 2021.

Profit/(loss) for the year

Net profit for the year increased by €48.5 million from a net loss of €21.0 million for the year ended December 31, 2021 to a net profit of €27.5 million for the year ended December 31, 2022 due to the factors described above.

Liquidity and capital resources

Liquidity before the Refinancing

Our cash requirements consist mainly of the following:

- operating activities, including our net working capital requirements;
- servicing our indebtedness and the indebtedness of our subsidiaries, either through interest payments, repayment at maturity or prepayments;
- funding acquisitions;
- funding capital expenditures; and
- paying taxes.

Our sources of liquidity have historically consisted mainly of the following:

- cash generated from our operating activities and from the sales of non-core assets;
- the Existing Notes, which will be entirely redeemed with a combination of the proceeds from the Offering and cash on balance;
- borrowings under bilateral credit facilities and the Revolving Credit Facility;
- the utilization of reverse factoring facilities; and
- the sale of trade receivables on a recourse and non-recourse basis under our factoring facilities.

As of September 30, 2024, our Net Debt amounted to €472.4 million compared to €418.9 million as of December 31, 2023. We define Net Debt as measurements of our indebtedness as described in Footnote 3 under "*Summary historical consolidated financial information and other data— Other financial information*." As of September 30, 2024, we had cash and cash equivalents of €28.9 million as compared to €76.8 million as of

December 31, 2023, and current financial assets of €5.7 million as compared to €15.5 million as of December 31, 2023.

Net Working capital

Our net working capital, as defined by the Group, is the sum of our trade receivables, inventories, trade payables and other elements of working capital. The table below sets forth our net working capital as of December 31, 2021, 2022 and 2023 and as of September 30, 2024.

(thousands of €)	As of December 31, 2021	2022	2023	As of September 30, 2024(*)
Trade receivables and advances to suppliers	443,248	537,227	513,771	549,268
Inventories	12,743	12,088	13,373	13.294
Trade payables and advances from customers	(413,374)	(480,808)	(422,958)	(414,200)
Net operating working capital(1)	42,617	68,507	149,605	148,362
Other elements of working capital(2)	(150,501)	(120,289)	(156,674)	(113,321)
Net working capital(3)	**(107,884)**	**(51,782)**	**(52,488)**	**35,041**
Outstanding trade receivables sold under factoring facilities but not yet collected by the factor	67,962	101,486	62,795	51,963
Net working capital adjusted for trade receivables off-balance sheet ("Adjusted net working capital")(4)	**(39,922)**	**49,703**	**10,306**	**87,004**

(*) Unaudited.

(1) "*Net operating working capital*" is not a recognized measure of financial performance or liquidity under IFRS and therefore no undue reliance should be placed on such data contained in this Offering Memorandum. See "*Presentation of financial information— Non-IFRS financial measures*." Net operating working capital of the Rekeep Polska Group was equal to €21.9 million, €23.0 million, €25.7 million, €30.7 million and €38.2 million for the years ended December 31, 2021, 2022 and 2023 and the nine months ended September 30, 2023 and 2024, respectively.

(2) "*Other elements of working capital*" represents the sum of current tax receivables, current tax payables, other current assets, other current liabilities, assets classified as held for sale, liabilities directly associated with assets classified as held for sale, and provisions for risks and charges (current). The below table provides the breakdown of the other elements of working capital as of December 31, 2021, 2022 and 2023 and as of September 30, 2024.

(thousands of €)	As of December 31, 2021	2022	2023	As of September 30, 2024(*)
Current tax receivables	5,278	8,671	6,589	—
Current tax payables	—	(21)	(142)	(979)
Other current assets	24,133	59,211	31,681	36,036
Other current liabilities(x)	(167,457)	(169,667)	(172,095)	(127,161)
Provisions for risks and charges, current	(12,455)	(18,483)	(22,707)	(21,217)
Other elements of working capital	**(150,501)**	**(120,289)**	**(156,674)**	**(113,321)**

(*) Unaudited.

(x) For the years ended December 31, 2021, 2022 and 2023 and as of September 30, 2024 other current liabilities includes a deposit of €72.2 million, €66.6 million, €52.2 million and €42.8 million in relation to the CONSIP FM4 Tender. See "*Risk Factors—Risks related to our business—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.*"

The change in net liability of other working capital elements from December 31, 2023 to September 30, 2024, was mainly due to (i) a €3.9 million increase in net VAT credits, allowing for €20.0 million in assignments without recourse, (ii) a €0.8 million partial refund of utility guarantee deposits, and (iii) a €1.0 million increase in net current tax debt as of September 30, 2024, from a net receivable of €6.4 million at year-end 2023. As of September 30, 2024, 'Other current liabilities' included short-term exposure related to the Competition Authority's FM4 fine, with a residual debt of €42.8 million, €6.2 million of which is due within one year. The remaining debt is classified under 'Other non-current liabilities.' The payment plan, updated on April 19, 2024, consists of 62 monthly installments, expiring in May 2029. Previously, as of December 31, 2023, the entire remaining debt of €55.2 million was classified under this item.

The change in net liability of other working capital elements from December 31, 2022 to December 31, 2023, was mainly due to (i) a €0.6 million decrease in net VAT credits, (ii) a €0.8 million reduction in unused tax credits for energy costs as of December 31, 2023, down from €24.2 million in 2022, (iii) a €3.8 million partial repayment of utility guarantee deposits, and (iv) a €6.4 million decrease in net current tax receivables as of December 31, 2023. Additionally, 'Other current liabilities' include a €55.2 million balance related to the Competition Authority's order on the Consip FM4 tender, with a payment plan initiated in December 2020.

The change in net liability of other working capital elements from December 31, 2021 to December 31, 2022, was mainly due to (i) a €3.3 million increase in net VAT credits, (ii) €22.2 million in tax credits for energy costs, (iii) €7.4 million in higher guarantee deposits for utilities, and (iv) a €8.7 million rise in net current tax receivables a of December 31, 2022. Additionally, 'Other current liabilities' include a €66.6 million balance related to the Competition Authority's order on the Consip FM4 tender, with a payment plan initiated in December 2020.

(3) "*Net working capital*" is not a recognized measure of financial performance or liquidity under IFRS and therefore no undue reliance should be placed on such data contained in this Offering Memorandum. See "*Presentation of financial information— Non-IFRS financial measures*."

(4) "*Adjusted net working capital*" is defined as net working capital including the trade receivables sold under non-recourse factoring facilities and not yet collected by the factor (trade receivables off-balance sheet). Adjusted net working capital is not a recognized measure of financial performance or liquidity under IFRS and therefore no undue reliance should be placed on such data contained in this Offering Memorandum. See "*Presentation of financial information—Non-IFRS financial measures*."

Adjusted Net Working Capital increased by €76.7 million, from €10.3 million as of December 31, 2023, to €87.0 million as of September 30, 2024. This increase was primarily driven by a reduction in the balance of trade payables (€8.8 million) and an increase in trade receivables (€24.7 million, considering the balance of receivables assigned by the Group without recourse and not yet collected by the factoring companies). Additionally, there was a slight decrease in the balance of inventories (€0.1 million). As of September 30, 2024, Adjusted Net Working Capital continued to be influenced by the effects of price growth recorded in previous periods, including higher volumes in both trade payables and receivables, as well as increased pressure from energy suppliers.

Adjusted Net working capital decreased by €39.4 million, from €49.7 million as of December 31, 2022 to €10.3 million as of December 31, 2023. This decrease was linked to a reduction 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 of inventories (€1.3 million). As of December 31, 2023, Adjusted Net Working Capital continued to be affected by the effects arising from the growth in prices recorded in previous periods, including higher volumes recorded in both trade payables and receivables, and increased pressure from suppliers of energy materials.

Adjusted Net Working Capital increased by €89.6 million, from negative €39.9 million as of December 31, 2021, to €49.7 million as of December 31, 2022. This increase was primarily driven by a change in the balance of trade payables (€67.4 million) and an increase in trade receivables (€127.5 million, considering the balance of receivables assigned by the Group without recourse and not yet collected by the factoring companies). Additionally, there was a slight decrease in the balance of inventories (€0.1 million). As of December 31, 2022, Adjusted Net Working Capital was impacted by higher volumes recorded in both trade payables and receivables, largely due to the rise in energy prices.

Cash flow

The table below summarizes the cash flow of the Group for the years ended December 31, 2021, 2022 and 2023 and the nine months ended September 30, 2023 and 2024.

	For the year ended December 31,			For the nine months ended September 30,	
(thousands of €)	**2021**	**2022**	**2023**	**2023(*)**	**2024(*)**
Cash flow from/(used in) operating activities	15,893	30,295	40,162	(20,642)	(17,397)
Cash flow from/(used in) investing activities	(41,309)	(77,445)	(44,019)	(29,150)	(21,686)
Cash flow from/(used in) financing activities	34,415	31,720	(3,583)	25,986	(8,778)
Change in cash and cash equivalents	9,000	(15,430)	(7,441)	(23,806)	(47,862)
Conversion differences on cash and cash equivalents	48	161	10	(4)	(45)
Cash and cash equivalents at the end of the year/period	**99,512**	**84,243**	**76,812**	**60,433**	**28,905**

(*) Unaudited.

Cash flow from/(used in) operating activities

For the nine months ending September 30, 2024, the cash flow from operating activities showed a slight improvement compared to the same period in 2023. The net cash flow from operating activities was negative €17.4 million for the nine months ended September 30, 2024, compared to a negative €20.6 million for the nine months ended September 30, 2023. This improvement was primarily driven by a reduction in the negative impact of changes in working capital, which amounted to €58.9 million for the nine months ended September 30, 2024

compared to €59.3 million for the nine months ended September 30, 2023. Despite a decrease in operating cash flows before movements in working capital from €83.3 million for the nine months ended September 30, 2023 to €80.2 million for the nine months ended September 30, 2024, the overall operating cash flow benefited from a smaller outflow related to net interest paid and income taxes.

For the year ended December 31, 2023, the cash flow from operating activities showed an improvement compared to 2022. The net cash flow from operating activities increased to €40.2 million for the year ended December 31, 2023, up from €30.3 million for the year ended December 31, 2022. This improvement was primarily driven by a more favorable change in working capital, which was negative €15.6 million for the year ended December 31, 2023, compared to negative €55.2 million for the year ended December 31, 2022. The operating cash flows before movements in working capital decreased slightly to €111.3 million for the year ended December 31, 2023 from €123.6 million for the year ended December 31, 2022, but the overall operating cash flow benefited from these changes in working capital and a reduction in net interest paid.

For the year ended December 31, 2022, the cash flow from operating activities showed a significant improvement compared to the year ended December 31, 2021. The net cash flow from operating activities was €30.3 million for the year ended December 31, 2022, up from €15.9 million for the year ended December 31, 2021. This increase was primarily driven by a higher operating cash flow before movements in working capital, which increased to €123.6 million for the year ended December 31, 2022 from €108.5 million for the year ended December 31, 2021. However, the change in working capital had a more negative impact in 2022, amounting to €55.2 million for the year ended December 31, 2022, compared to €25.6 million for the year ended December 31, 2021. Despite this, the overall operating cash flow benefited from reduced net interest paid and income taxes.

Cash flow (from)/used in investing activities

In terms of investing activities, we experienced a net cash outflow of €21.7 million for the nine months ending September 30, 2024, which was an improvement from the €29.2 million outflow for the nine months ending September 30, 2023. This positive change was largely due to increased proceeds from the sale of property, plant, and equipment, which rose to €3.8 million for the nine months ending September 30, 2024 from €2.0 million for the nine months ending September 30, 2023. Additionally, there was a significant increase in decrease of financial assets, contributing €10.4 million for the nine months ending September 30, 2024 compared to €2.8 million for the nine months ending September 30, 2023. Partially offset by the purchase of property, plant, and equipment which increased to €33.6 million for the nine months ending September 30, 2024 from €28.6 million for the nine months ending September 30, 2023.

In terms of investing activities, the company experienced a net cash outflow of €44.0 million for the year ended December 31, 2023, which was a significant improvement from the €77.4 million outflow for the year ended December 31, 2022. This positive change was largely due to a decrease in the purchase of property, plant, and equipment, which fell to €41.4 million for the year ended December 31, 2023 from €53.3 million for the year ended December 31, 2022. Additionally, there was a positive change in the decrease of financial assets, contributing €4.5 million for the year ended December 31, 2023 compared to a negative change of €7.4 million for the year ended December 31, 2022. These factors helped offset the financial effects of business combinations, which amounted to €3.4 million for the year ended December 31, 2023 compared to €12.8 million for the year ended December 31, 2022.

In terms of investing activities, the company experienced a net cash outflow of €77.4 million for the year ended December 31, 2022, which was a significant increase from the €41.3 million outflow for the year ended December 31, 2021. This increase was largely due to higher purchases of property, plant, and equipment, which rose to €53.3 million for the year ended December 31, 2022 from €30.8 million for the year ended December 31, 2021. Additionally, the financial effects of business combinations contributed to a larger outflow, amounting to €12.8 million for the year ended December 31, 2022 compared for the year ended December 31, €3.8 million in 2021. These factors outweighed the proceeds from the sale of property, plant, and equipment and the acquisition of investments.

For a reconciliation of total capital expenditures to cash flow used in or from investment activities for the years ended December 31, 2021, 2022 and 2023, see footnote 3 to the table presented under "—*Capital Expenditures*."

Cash flow (from)/used in financing activities

The cash flow from financing activities saw a notable shift, with a net outflow of €8.8 million for the nine months ending September 30, 2024, compared to a net inflow of €26.0 million for the nine months ending September 30,

2023. This change was primarily due to a significant reduction in medium-term and long-term borrowings, which decreased from €60.0 million for the nine months ending September 30, 2023 to €12.0 million for the nine months ending September 30, 2024. Additionally, there was an increase in the repayment of medium- and long-term borrowings, which increased to €36.3 million for the nine months ending September 30, 2024 from €12.1 million for the nine months ending September 30, 2023. Other net changes in borrowings also contributed to this shift, with a positive change of €9.0 million for the nine months ending September 30, 2024 compared to a negative change of €30.7 million for the nine months ending September 30, 2023. Overall, these factors led to a decrease in cash and cash equivalents to €28.9 million as of September 2024, from €60.4 million as of September 2023.

The cash flow from financing activities saw a shift, with a net outflow of €3.6 million for the year ended December 31, 2023, compared to a net inflow of €31.7 million for the year ended December 31, 2022. This change was primarily due to the opening of medium- and long-term borrowings, which contributed €60.2 million for the year ended December 31, 2023 compared to none for the year ended December 31, 2022. However, other net changes in borrowings resulted in a negative change of €39.4 million for the year ended December 31, 2023 compared to a positive change of €33.2 million for the year ended December 31, 2022. Overall, these factors led to a decrease in cash and cash equivalents, which stood at €76.8 million as of December 31, 2023, down from €84.2 million as of December 31, 2022.

The cash flow from financing activities saw a slight decrease, with a net inflow of €31.7 million for the year ended December 31, 2022, compared to €34.4 million for the year ended December 31, 2021. This change was primarily due to the absence of new medium- and long-term borrowings for the year ended December 31, 2022, which had contributed €370.0 million for the year ended December 31, 2021. However, other net changes in borrowings provided a positive contribution of €33.2 million for the year ended December 31, 2022, up from €12.7 million for the year ended December 31, 2021. Overall, these factors led to a decrease in cash and cash equivalents, to €84.2 million as of December 31, 2022, from €99.5 million as of December 31, 2021.

Net Debt

The table below sets forth our Net Debt as of December 31, 2021, 2022 and 2023 and as of September 30, 2024 (on a historical basis). For a presentation of Net Debt as of September 30, 2024, as adjusted to give *pro forma* effect to the Refinancing, see "*Summary historical consolidated financial information and other data—Other pro forma financial information*" and "*Capitalization*."

	As of December 31,			As of September 30,
(thousands of €)	**2021**	**2022**	**2023**	**2024**
Existing Notes (nominal value)	370,000	370,000	370,000	370,000
2021 Revolving Credit Facility	—	—	—	15,000
Lease obligations	44,107	48,956	41,697	43,107
Bank borrowings (nominal value)	1,104	838	37,152	12,789
Current bank overdraft, advance payments and hot money	6,140	15,293	27,549	37,218
Assignments of receivables with recourse	23,270	11,806	18,183	15,421
Reverse factoring liabilities	9,963	33,813	16,633	13,473
Gross Debt	**454,584**	**480,706**	**511,214**	**507,008**
Cash and cash equivalents	(99,512)	(84,243)	(76,812)	(28,905)
Receivables and other current financial assets	(14,799)	(7,017)	(15,545)	(5,665)
Net Debt	**340,273**	**389,446**	**418,857**	**472,438**

Pro forma contractual obligations and commitments

As of September 30, 2024, our Gross Debt as adjusted to give *pro forma* effect to the Refinancing would have amounted to €497.0 million and would have consisted mainly of the Notes, and operating lease liabilities.

The following table summarizes our total contractual obligations and commitments as of September 30, 2024, giving effect to the Refinancing, sorted by the year in which they are due to mature (assuming the Revolving Credit Facility remains drawn for an amount equal to approximately €15.0 million for the entire period).

(millions of €)	Less than 1 year	1-5 years	More than 5 years	Total
Notes offered hereby	-	360,000	-	**360,000**
Revolving Credit Facility	-	15,000	-	**15,000**
Leases Liabilities	11,505	25,290	6,312	**43,107**
Put options granted in connection with business combinations(1)	1,952	36,734	—	**38,686**
Bank borrowings (nominal value)	3,049	9,740	—	**12,789**
Total	**16,506**	**446,764**	**6,312**	**469,582**

(1) Described below in "—*Arrangements with non-controlling shareholders in our subsidiaries*."

As of September 30, 2024, the Group's total obligations in respect of employee termination indemnity amounted to € 10.8 million. Obligations related to employee termination indemnity as of September 30, 2024 are described in Note 12 to the unaudited condensed consolidated financial statements as of and for the nine months ended September 30, 2024 appearing elsewhere in this Offering Memorandum.

Lease liabilities

The Group signed leases primarily for plant and equipment used by our Laundering and Sterilization Segment and for motor vehicles. Our leases generally contain termination clauses with associated penalties. In addition, we primarily enter into real estate lease agreements, long-term rental agreements for motor vehicles and lease agreements in relation to specific equipment. As of September 30, 2024, the Group's total lease liabilities amounted to €43.1 million.

Industrial Capital Expenditures

We define industrial capital expenditure or capital expenditure as the amount of cash or other liquid assets invested by the Group to acquire or upgrade property, plant and equipment, property, plant and equipment under financial lease and other intangible assets. The table below sets forth our capital expenditure for the years ended December 31, 2021, 2022 and 2023, and for the nine months ended September 30, 2023 and 2024.

(thousands of €)	For the year ended December 31, 2021	2022	2023	For the nine months ended September 30, 2023(*)	2024(*)
Acquisition of owned properties	227	1,917	1,810	56	47
Acquisition of owned plant and equipment	28,370	32,791	35,834	24,903	29,975
Acquisition of rights of use of properties	—	16,038	958	883	280
Acquisition of rights of use of plant and equipment	2,215	2,586	2,829	2,771	3,316
Other investments in intangible assets	4,110	4,586	5,369	3,167	2,498
Industrial capital expenditures	**34,923**	**57,918**	**46,800**	**31,781**	**36,115**

(*) Unaudited.

(thousands of €)	For the year ended December 31, 2021	2022	2023	For the nine months ended September 30, 2023(*)	2024(*)
Industrial capital expenditures	**(34,923)**	**(57,918)**	**(46,800)**	**(31,781)**	**(36,115)**
Disposals of property, plant and equipment, other intangible assets and assets classified as held for sale	1,080	1,219	2,322	1,992	3,845
Additions from business combinations	(3,764)	(12,793)	(3,447)	(1,975)	—
Acquisition of investments	2,633	(507)	(604)	(198)	164
Decrease/(increase) of financial assets	(6,336)	(7,446)	4,510	2,812	10,421
Cash flow from/(used) in investing activities	**(41,309)**	**(77,445)**	**(44,019)**	**(29,150)**	**(21,686)**

(*) Unaudited.

Capital expenditures differ from cash used in investing activities mainly due to the net effect of the following: (i) the additions from business combinations; (ii) the investments in affiliates accounted for under the equity method

and other investments; (iii) the investments (or divestments) in non-current financial assets; and (iv) the cash flow related to discontinued operations.

For the nine months September 30, 2024, capital expenditures included significant investments in the "centralized kitchens" project utilizing Cook&Chill technology, amounting to €8.1 million for the nine months ended September 30, 2024, down from €10.0 million for the nine months ended September 30, 2023. This initiative supports the catering services of the Polish sub-group, which also undertook a €1.6 million renovation of a sterilization facility near a hospital. Additionally, Servizi Ospedalieri S.p.A. invested €9.7 million in linen for its rental and industrial laundering business, slightly up from €9.4 million in 2023, and €1.0 million in surgical instruments, compared to €1.7 million the previous year. Part of the investments in surgical instruments was made through lease agreements, totaling €0.6 million in 2024, down from €2.3 million in 2023. Furthermore, investments in intangible assets reached €2.5 million, compared to €3.2 million in 2023, primarily focused on ICT upgrades and enhancements to the Issuer's SAP infrastructure.

In the year ended December 31, 2023, capital expenditures saw significant developments, particularly in the "centralized kitchens" (Cook&Chill) project, which supports the catering services of the Polish sub-group. Investments in this project amounted to €14.0 million for the year ended December 31, 2023, a substantial increase from €4.7 million for the year ended December 31, 2022, and included a €1.7 million acquisition of land. Servizi Ospedalieri also invested €13.6 million, in linen for its rental and industrial laundering business, up from €12.4 million in 2022, and €1.8 million in surgical instruments, compared to €0.2 million the previous year. Notably, some investments in surgical instruments were made through lease agreements totaling €2.4 million, compared to €0.8 million in 2022. Additionally, the rights of use of properties included a lease agreement by subsidiary Medical Device for a building previously owned, with necessary upgrades costing €0.9 million. In contrast, the previous year saw the Issuer acquire a property lease agreement for its registered office from MSC, valued at €14.9 million, as assessed by CBRE.

In the year ended December 31, 2022, capital investments were primarily driven by Servizi Ospedalieri's acquisition of an industrial building. Investments in company-owned plant and equipment included €5.4 million for the "centralized kitchens" project, supporting the Polish sub-group's catering services. Additionally, Servizi Ospedalieri invested €12.4 million in linen for its rental and industrial laundering business, a decrease from €16.4 million in 2021. The entity also utilized lease agreements to acquire linen worth €1.5 million, slightly down from €1.6 million the previous year, and leased replacement surgical instruments for €0.8 million. Further right-of-use investments included a €1.1 million property lease agreement by subsidiary Medical Device S.r.l. and the Issuer's acquisition of a property lease agreement for its registered office, valued at €14.9 million, as assessed by CBRE. Investments in intangible assets totaled €4.6 million, up from €4.1 million in 2021, focusing on ICT upgrades and enhancements to the Issuer's SAP infrastructure.

The following table shows our industrial capital expenditures by segment for the years ended December 31, 2021, 2022 and 2023 and for the nine months ended September 30, 2023 and 2024.

	As of December 31,			**As of September 30,**	
(thousands of €)	**2021**	**2022**	**2023**	**2023**	**2024**
Facility Management	12,632	35,178	25,450	16,129	21,978
of which relating to International Markets	6,472	11,203	16,728	10,955	13,591
Laundering and Sterilization	22,291	22,740	21,350	15,652	14,138
Industrial Capital Expenditures	**34,923**	**57,918**	**46,800**	**31,781**	**36,115**

In addition, management tracks and reports Industrial Capital Expenditures net of addition of Capital Expenditure for Land & Building as set forth below.

	As of December 31,			**As of September 30,**	
(millions of €)	**2021**	**2022**	**2023**	**2023**	**2024**
Facility Management	11.2	14.8	9.7	6.1	13.8
Catering	1.4	5.4	14.0	9.9	8.1
Laundering and Sterilization	22.1	19.7	20.4	14.7	13.8
Industrial Capital Expenditures, Net	**34.7**	**39.9**	**44.1**	**30.7**	**35.7**

The information included in the above chart is derived from management estimates, is not part of our Financial Statements or our accounting records, and has not been audited or otherwise reviewed by outside auditors, consultants or experts.

We expect our capital expenditures for the year ending December 31, 2025, to be lower than the historical trend of the previous year. The majority of these expenditures will be related to business operations and the initiation of an investment in a new food processing plant in Poland. See "*Forward-looking statements*."

Off-balance sheet arrangements

Guarantees, bid and performance bonds

For most of our PSE and healthcare customer contracts and certain of our private sector contracts, we are often required to post performance bonds, primarily to guarantee our performance thereunder. In addition, we are required to post bid bonds in order to participate in public tender procedures. These are off-balance sheet items. As of September 30, 2024, the Group (including associates and investments in project companies) had performance bonds outstanding in the aggregate amount of €340.0 million, out of a total of €411.8 million corresponding to the entire amount of our off-balance sheet guarantees and insurance bonds. Bid bonds may be enforced as a result of us being excluded from participating in tender procedures, including as a result of false statement declarations and/or us failing to enter into contracts awarded to us for any reasons attributable to us. Performance bonds may be enforced in case of termination of the relevant contracts by our counterparties, including, among others, as a result of us failing to perform our obligations and/or to meet or maintain the requirements set forth by the applicable laws and regulations.

We use various off-balance sheet arrangements to provide security or liquidity including to minority-owned companies and third parties (performance bonds) and for security deposits related to utilities and lease contracts as well as tax refunds.

Arrangements with non-controlling shareholders in our subsidiaries

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

Qualitative and quantitative disclosure of market risk

Interest rate risk

The Revolving Credit Facility will bear floating interest rates indexed to EURIBOR. As of September 30, 2024, on an as adjusted basis for the Transactions, the main indebtedness in our capital structure will be Notes offered hereby which bear a fixed rate of interest and the Revolving Credit Facility, which we expect to be drawn in an amount equal to approximately €15.0 million as of the Issue Date. We do not intend to enter into any hedging arrangement in connection with the Revolving Credit Facility though we may choose to do so in the future. The Group also uses as medium/long-term financing, bank facilities bearing fixed interest rates and finance lease facilities bearing floating interest rates. Short-term financing generally bears floating interest rates indexed to EURIBOR rate and include current account overdrafts, *hot money*, bank loans and recourse and non-recourse assignments of trade receivables.

Credit risk

The majority of our customers have historically been Italian PSEs and healthcare customers which either belong to the public sector themselves or largely dependent upon receipt of public funds and/or subsidies. As a result, we are directly exposed to the credit risk of Italian PSEs and healthcare customers (which according to our internal classification are public sector), especially regional, provincial and municipal entities. Though we believe that the insolvency risk of such customers is low, historically such customers have shown difficulties in promptly paying their trade receivables. To protect ourselves from credit risk, we make provisions for bad trade receivables, although, we believe due to the high quality of our trade receivables portfolio, such provisions were 1.7%, 1.5% and 1.7%, respectively, of total revenue for the years ended December 31, 2021, 2022 and 2023. In addition, our historical default rate (defined as write- downs over total revenue) has been practically nil, for the years ended December 31, 2021, 2022 and 2023. Pursuant to our procedures, we do not consider as "impaired" trade receivables from our customers which are not paid within the contractual term unless we have other evidence that the receivable is impaired. Over time, we have increased our customer portfolio, including certain large Italian and foreign accounts. As such clients include banking groups, railway operators, large retailers, multinational companies and other important players in their reference market sectors, we believe that there is a limited risk that

such operators will face insolvency, bankruptcy or other administrative procedures. With respect to all of our clients we further mitigate credit risk through constant monitoring of our commercial exposure and the collection times of receivables.

We are also exposed to credit risk from our subcontractors, suppliers, TJA and consortium partners and project financing co-sponsors and the risk that they experience financial distress or become insolvent or otherwise unable to fulfill their contractual obligations to us or to our customers. We strictly monitor the creditworthiness of our counterparties to the extent such information is available and we make adjustments to our list of preferred suppliers based on feedback from our local representatives and procurement officers. In addition, our TJA activities are generally limited to other large private operators or cooperatives which management believes have a lower credit risk profile than SME partners. In order to mitigate credit risk, we also provide frequent written invoices to our customers and evidence our TJA commitments with written contracts.

Liquidity risk

The Group might not be able to generate sufficient cash flows from its operations to operate its business, cover investments, third-party debt, ongoing non-deferrable payroll and employee leasing obligations. Our approach to liquidity management is to put into place adequate funds to cover our obligations when they are due, both during normal conditions and at times of financial difficulty. We manage our cash through various means, including by making use of current account overdrafts, short-term bank loans (*e.g.*, hot money and advances), finance leases and medium/long-term loans. Our business does not have extensive capital expenditure requirements and therefore our principal spending requirements relate to our labor costs which are non-discretionary. We have historically met our liquidity requirements through a combination of cash generated by our business, finance agreements as well as factoring facilities. On January 20, 2021, we entered into the 2021 Revolving Credit Facility which is intended to be replaced by the Revolving Credit Facility on or before the Issue Date. As of September 30, 2024 the total commitment under the 2021 Revolving Credit Facility was equal to €15.0 million. See "*Description of certain financing arrangements—Revolving Credit Facility*."

We expect that following the Refinancing, certain factoring facilities will remain outstanding and that, more generally, recourse and non-recourse factoring will continue to be an option available to us to manage our liquidity and to finance our working capital. In addition, we expect that further reductions in DSOs through our attention to working capital management and continuing efforts to manage collections and payments under our trade receivables will improve our liquidity, if the need arises. See "*Description of certain financing arrangements—Factoring Facilities*."

Capital risk

The key objective of the Group's capital risk management is to maintain adequate capital ratios to support operations and to maximize value for shareholders. We manage our capital structure and amend it on the basis of changes in economic conditions. In order to maintain or adjust the capital structure, we can adjust dividends paid to shareholders (which have historically been minimal) or issue new shares (which historically we have undertaken in connection with financing certain extraordinary transactions). We also monitor our debt ratio, by assessing the ratio of net debt to the total of equity. See "*—Net Debt*" for a definition of net debt. We have historically used excess cash to reduce debt when the circumstances allow us to do so. To reduce capital risk in the expansion of our business activities, we regularly engage in minority investments with partners in special purpose vehicles to carry out project financing activities with the use of non-recourse project financing loans and project bonds in connection with large-scale hospital construction and other projects that have the potential to generate ongoing work for us. In addition, we have historically made regular use of factoring programs as discussed under "*—Liquidity Risk*."

Commodity risk

The Group is exposed to commodity risks related to fluctuations in the price of fuels, electricity and the cost of certain materials, such as cotton linens. As discussed under "*—Principal factors affecting our results of operations—Costs of raw materials and consumables,*" our primary commodity expenses are related to purchases of heating oil for our Energy Management business. Such contractual arrangements include automatic price adjustment clauses by contract and by law (Italian Legislative Decree No. 163 of April 12, 2006). See "*Business—Regulation—Public Tenders—Cost overruns and adjustments*." Therefore, commodity risks are largely mitigated. However, we are still exposed to increases in prices of fuel insofar as they are inputs for services in other businesses (i.e. transportation and electricity). In order to monitor and respond to such fluctuations, we purchase our fuels in bulk at the Group level for twelve months at a time and we also strive to utilize fuel-efficient equipment

and vehicles. Our Laundering and Sterilization Segment is indirectly exposed to fluctuations in the price of cotton linens since it makes significant purchases of linen each year.

Foreign Exchange Risk

We operate internationally and are exposed to foreign exchange risk arising from various factors, primarily with respect to Polish złoty, and Turkish lira. Consequently, our financial results have been, and in the future will likely continue to be, subject to currency transaction and translation effects resulting from fluctuations in exchange rates, primarily the Euro/Polish złoty, and Euro/ Turkish lira. Our consolidated financial statements are prepared in Euro. We are therefore exposed to translation risk on the preparation of our consolidated financial statements when we translate the financial statements of our subsidiaries which have currencies other than Euro. A portion of our assets, liabilities, revenue and costs are denominated in various currencies other than Euro, principally Polish złoty and Turkish lira. As a result, our consolidated results of operations, which are reported in Euro, are affected by currency exchange rate fluctuations.

Transaction risk arises when our subsidiaries execute transactions in a currency other than their functional currency.

Critical accounting policies

Our consolidated financial statements have been prepared in accordance with IFRS. The preparation of our consolidated financial statements in accordance with IFRS requires us to make judgments, estimates and assumptions that affect the reported amounts of revenue, expenses, assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements. We reevaluate our estimate on an ongoing basis and base our estimates on historical experience and on various other assumptions that we believe to be reasonable under the circumstances, the results of which form the basis for making judgments about the value of such assets and liabilities that are not readily available from other sources. Actual results may differ from these estimates under different assumptions or conditions. In particular, items where we have applied significant judgment and that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within our next financial year are discussed below.

The foregoing assumptions and estimates are based on facts, circumstances and trends at the end of each of the reporting period. As of the date of this Offering Memorandum, we do not expect any material change in the underlying assumptions and estimates. We consider the following policies and estimates to be the most critical in understanding the assumptions and judgments that are involved in preparing our financial statements and the uncertainties that could affect our financial results, financial condition and cash flow. A more detailed description of the accounting rules and methods that we apply is provided in note 2 "*Accounting standards and basis of preparation*" to the Audited Consolidated Financial Statements.

Impairment of goodwill and other assets

Goodwill is subject to impairment testing at least annually, or more frequently if there is an indication of potential impairment in the carrying amounts. This requires an estimate of the value in use of the cash-generating unit ("**CGU**") to which the goodwill is allocated, in turn based on an estimate of expected cash flows from the CGU and their discounting on the basis of a suitable discount rate. For the years ended December 31, 2021, 2022 and 2023, the carrying amount of the Group's goodwill was equal to €404.7 million, €404.9 million and €406.7 million, respectively (this amount increased to €406.5 million as of September 30, 2024).

With respect to assets other than goodwill, at the close of each financial year, the Group assesses whether there are any indicators of impairment of assets. In this case, or in the event an annual impairment test is required, the Group prepares an estimate of the recoverable value. The recoverable value is the higher of the asset's fair value less costs to sell and its value in use is determined per individual asset, except when such asset does not generate cash flows that are fully independent from those generated by other assets or groups of assets. If the carrying amount of an asset is higher than its recoverable value, such asset has been impaired and is subsequently written down to its recoverable value. In calculating the value in use, the Group discounts estimated future cash flows at the current value by using a pre-tax discount rate which reflects the market valuations on the time value of money and the specific risks of the asset.

Impairment losses of operating assets are recorded in the income statement under the category "amortization, write-downs and write-backs of assets."

Trade receivables and other receivables

Trade receivables, which generally have contractual maturities between 30-90 days, are recorded at their transaction price, consisting of the nominal value, stated in the invoice, net of the bad debt provision. This allocation is made in the presence of objective evidence that the Group will not be able to collect the receivable. Uncollectible receivables are written down when they are identified.

The Group's customers are largely made up of public authorities and health care facilities, whose payment times greatly exceed the contractual maturities. For this reason, trade receivables due from third parties are discounted at a risk-free discount rate (given that the risks of non-collectability are already considered in the determination of the bad debt provision), for the period running between the presumed collection date (calculated on the basis of the average weighted payment delay of the Group's customers taken from historical data) and the average payment extension granted to customers by similar companies that operate in the same market as the Group.

Recognition of the present value of liabilities for put options and for earn-outs

The Group holds majority interests in subsidiaries in relation to which the non-controlling shareholders hold put options which can be exercised in the future at prices determined on the basis of certain parameters that require estimates from management for the purposes of a reliable valuation. Similarly, the contract for the purchase of certain majority interests of subsidiaries included an earn-out provision granted to the sellers (currently non-controlling shareholders) upon certain conditions being met on a certain future date. In this case, the correct recognition in the statement of financial position of the associated liability requires management to make estimates to determine the expected relevant parameters.

Recognition of revenues and costs relating to contract work in progress

The Group uses the percentage of completion method to account for the portion of long-term contracts for the building and improvement of properties or technological plants for which it does construction work. The margins recognized in profit and loss depend both on the progress of the works and the margins on the entire work when completed; therefore, if work in progress and margins on work not yet completed are to be recognized, management must make estimates of the costs of completion, possible increases in cost, delays, extra costs and penalties which could reduce the expected margin. The use of the percentage of completion method requires the Group to estimate the costs of completion, which entails the adoption of assumptions depending on factors which could change in time and could therefore have a substantial impact on current estimates. Should actual costs be different from estimated costs, such difference would impact the results for future periods.

Treatment of intangible assets

Intangible assets acquired separately are initially capitalized at cost, while those acquired through business combinations of companies not subject to common control are capitalized at fair value on the date of acquisition. After initial recognition, intangible assets are recorded at cost net of amortization and accumulated impairment losses. The useful life of the intangible assets is definite or indefinite. Intangible assets with a definite useful life are amortized over their useful life and subject to fairness tests when there is evidence of potential impairment. The amortization period and method applied are reviewed at the end of each financial year or more frequently if necessary. Changes in the expected useful life or the methods with which the future economic benefits of the intangible asset are achieved by the Group are recorded by modifying the amortization period or method, as necessary, and treated as changes in the accounting estimates. The amortization charges of intangible assets with a definite useful life are recorded in the income statement under the cost category "amortization, depreciation, write-downs and write-backs of assets." The Group did not record any intangible assets with an indefinite useful life, with the exception of goodwill. The principles the Group applied with respect to intangible assets are summarized in the financial statements included in this Offering Memorandum.

Provisions for risks and charges

Provisions for risks and charges are recognized when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. The value of the provisions recognized in the accounts in relation to these risks is the best estimate made by management at that date. The estimates entail the adoption of assumptions depending on factors which could change in time and could therefore have a substantial impact on management's current estimates used to prepare the Group's financial statements. Where the Group expects some or all of a provision to be reimbursed, for example, under an insurance

contract, the reimbursement is recognized as a separate asset but only when the reimbursement is virtually certain. In this case the expense relating to any provision is presented in the statement of income net of any reimbursement. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognized as a borrowing cost.

Deferred tax assets, in particular relating to the likelihood of these being reversed in the future

Deferred tax assets are recognized to the extent there is a likelihood of there being sufficient future taxable profit for the losses to be utilized. This means that management must make an estimate of the amount of tax assets which can be recognized on the basis of the level of future taxable profit, the timing of the receipt of the profits and tax planning strategies.

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

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

INDUSTRY AND MARKET DATA

In this section, we rely on and refer to information regarding our business and the markets in which we operate and compete. Certain economic and industry data and market forecasts set forth below were extracted from market research, governmental and other publicly available information, independent industry publications and reports prepared by industry consultants, including the Industry Report prepared by a global consulting company and the management information based also on data from a global consulting company. Industry reports, publications, surveys and forecasts generally state that the information contained therein has been obtained from sources believed to be reliable, but that the accuracy and completeness of such information is not guaranteed. We believe that these industry reports, publications, surveys and forecasts, to the extent quoted or referred to herein, are reliable, but we have not independently verified them and cannot guarantee their accuracy or completeness. While we accept responsibility for accurately summarizing the information from these external sources, and as far as we are aware and able to ascertain no facts have been omitted which would render this information inaccurate or misleading, we accept no further responsibility in respect of such information. Certain information in this section has also been based on our own experience, internal studies, estimates and investigations of market conditions, in some cases combined with the aforementioned external sources. We cannot assure you that any of the assumptions we have made are accurate or correctly reflect our position in the market. The information and estimates in this section involve risks and uncertainty and are subject to change based on various factors. See "Risk Factors" and "Forward-Looking Statements." Prospective investors should not place undue reliance on any forecasts presented below and should make their own independent assessment of our future prospects and the risks relating to the markets in which we operate. See also "Presentation of Industry and Market Data."

Industry Overview

Facility Management ("FM")

Facility Management encompasses a range of services, including cleaning, catering, mechanical, electrical, and plumbing (MEP) services, energy management, HVAC systems management, elevator maintenance, and landscaping for the upkeep of buildings, assets, and grounds. By outsourcing these functions, customers transfer the management of non-core activities to specialized third-party providers. These providers optimize maintenance and facility management operations, leverage economies of scale, and apply advanced technical expertise to enhance building efficiency and reduce costs. Third-party providers play a vital role in supporting and enhancing their customers' core operations. Some facility management services are mission-critical, particularly in sectors such as healthcare, where uninterrupted and efficient service delivery is essential to daily operations.

Since the early 1990s, third-party providers have become significant players in Italy's facility management market. Their business model is based on three key principles: (i) lowering customer costs through economies of scale, (ii) increasing sales by outsourcing facility management functions, and (iii) standardizing services across different regions. Initially expanding across Europe and later in Italy, these providers have evolved beyond single-service offerings to become "one-stop shops" for "integrated facility management" services. However, only a limited number of providers in Europe and Italy have the necessary scale, capabilities, and track record to effectively meet key customer needs.

We believe that the trend towards integrated facility management will continue in the coming years, driven by both supply and demand. On the supply side, an integrated operator can benefit from economies of scale, a competitive advantage by offering new services to its existing customer base (cross-selling) and by leveraging the structure's existing fixed costs (operating leverage). On the demand side, we believe customers will increasingly use a single entity to deal with complex facility management activities as a means to save time and costs and simplify operations.

Laundering and Sterilization ("L&S")

Laundering services refer to the coordinated logistics of collecting, cleaning, and delivering large volumes of linen, uniforms, and patient gowns. The Italian laundering market for public hospitals operates through regional tenders, typically renewed every six years. It is highly competitive, requiring providers to manage costs strategically and offer competitive prices to secure contracts. Operators with multiple facilities close to hospitals benefit from lower transportation costs, giving them a competitive advantage.

Sterilization services involve the high-grade cleaning of medical fabrics and surgical instruments to ensure compliance with hygiene and sanitary standards. In Italy, the sterilization market operates through tenders issued by individual hospitals rather than at the regional level. In recent years, hospitals have increasingly outsourced

sterilization services, with the current outsourcing rate at 20%. This rate is expected to grow significantly in the coming years, creating significant opportunities to secure new contracts in a market dominated by a few key players.

Competition and Market Position

As a third-party service provider, we face competition from both other operators and in-house operations of many customers and potential customers. The FM and L&S markets are characterized by fragmentation, with a mix of small, medium, and large operators as well as international and local player. We are a leading player in these markets, leveraging our scale, expertise, and integrated service offerings to maintain a competitive edge and a leading positioning in the segments we operate in. We are one of the select few players with the scale, expertise, credentials and experiences required to address all the need of our current and potential customers.

Drivers of Demand for Facility Management and Laundering and Sterilization

We believe that the facility management and laundering and sterilization markets will continue to grow. Key demand drivers for this growth include the following:

- *Outsourcing trend continues as customers focus on core expertise:* customers view facility management as an overhead cost and often prefer to outsource it to specialized providers who can manage these services efficiently, allowing them to focus on their core activities. In the healthcare sector, non-core and capital-intensive functions include the sanitization and sterilization of linens and surgical instruments. While these services are essential to healthcare providers, they are not considered core to their operations. However, they require frequent use and coordination across complex procedures, an area where an integrated facility management provider like us can add value. In addition, facility management and laundering and sterilization require specialized equipment and technical expertise that can be costly for customers to purchase and maintain in-house. By outsourcing these services to providers like us, customers can reduce internal costs while ensuring high-quality standards.

- *Certifications:* new certification requirements, particularly in areas such as employee safety, may impose additional costs and efforts on customers to meet minimum standards for facility management and laundering and sterilization services. We believe this trend will drive greater customer interest in outsourcing these activities to specialized providers.

- *Healthcare spending:* we believe that more healthcare spending and an aging population will increase hospital and care home utilization, indirectly creating demand for services such as cleaning and laundering and sterilization. See also "—*The Healthcare market*" below.

- *Hygiene standards:* maintaining the highest hygiene standards is critical, especially in sectors like healthcare and public services, where cleanliness directly impacts safety and well-being. Regulatory standards for cleanliness and sterilization are stringent, particularly in healthcare. Only a highly skilled player with extensive experience and advanced capabilities can consistently meet these rigorous requirements, ensuring that facilities remain compliant with regulatory standards and provide a safe environment for all users. This expertise is essential to effectively manage complex cleaning and laundering tasks, which are crucial for preventing infections and ensuring operational efficiency.

- *Sustainability:* new regulations and voluntary measures aimed at improving energy efficiency, reducing waste, and addressing climate change have emerged and are expected to further increase the cost and complexity of facility management and laundering and sterilization services, particularly for multi-site businesses. Additionally, growing environmental awareness among customers and other stakeholders has led to increased scrutiny of the environmental efficiency of their buildings, assets, and operations. These factors may drive higher demand for outsourcing providers, as specialized operators can independently ensure compliance with sustainability requirements.

- *Integrated facility management offering*: facility management, laundering, and sterilization tasks require customers to coordinate multiple activities. By working with a single provider that can deliver all required services across multiple locations, customers can save both time and costs. This efficiency is particularly valuable in the facility management sector.

- *Automation and technological progress:* technological advances are reshaping the industry, including more efficient laundering and sterilization machines that can handle higher volumes at faster speeds, as well as improved logistics systems for multi-site facility management. These innovations will continue to transform how facility management services are delivered. The capital investment required for new technology, equipment, and personnel training favors larger operators that have implemented automation to reduce costs in areas such as scheduling and transportation planning.

The Healthcare market

The healthcare market, our largest end market, has increasingly embraced outsourcing in recent years. Several key trends are driving growth in the outsourcing of healthcare Facility Management and Laundering and Sterilization services:

- a stronger focus on health and wellness in both business and private life;
- a growing patient population due to aging demographics and increased healthcare spending in both the public and private sectors;
- the adoption of new technologies that enable advanced facility monitoring, improving efficiency and cost-effectiveness;
- greater interconnectivity and access to information through the "internet of things" and other connected devices; and
- increased awareness of the critical role of cleaning in preventing the spread of diseases within healthcare facilities.

The Facility Management and Laundering & Sterilization Markets

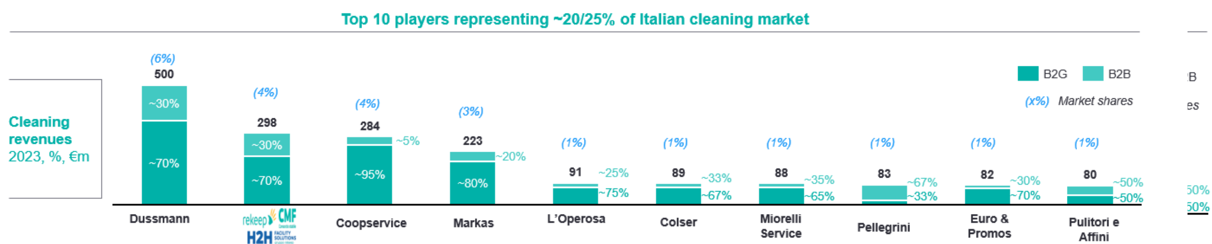
Cleaning Market (Italy)

The Italian cleaning market is projected to grow at an estimated CAGR of 6.3% between 2024 and 2029, reaching an estimated total market value of €11.5 billion. Key drivers supporting future growth include:

- **Transport Infrastructure Expansion**: significant investments in railway stations and airports are increasing the demand for cleaning services.
- **Service Level**: the COVID- 19 pandemic has permanently raised workplace cleaning standards, with employees demanding better sanitation.
- **Environmental Sustainability**: there is a growing emphasis on sustainable practices and compliance with minimum environmental criteria.
- **Facilities Modernization**: PNRR investments are modernizing facilities, elevating cleaning requirements.
- **CCNL Multiservizi Renegotiation**: ongoing negotiations focus on updating terms to align with industry changes.
- **Home Office vs. Office Work:** after COVID-19 and the consequent increased popularity of home offices, which has reduced the demand for office cleaning, it seems there is a return to office work.

The table below illustrates the Italian cleaning market's expected growth from 2024 to 2029.

Source: third party consultant analysis based on public information and expert interviews; Global Market Model



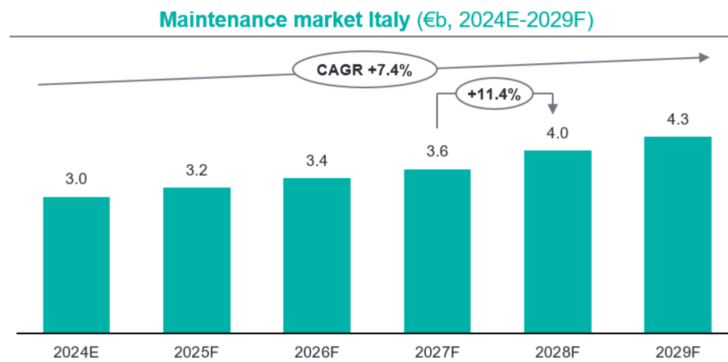
Source: third party consultant analysis based on public information and expert interviews; AIDA

The Italian cleaning market is divided into two segments: Business to Government (B2G), which accounts for approximately 60% of the total market value, and Business to Business (B2B), which accounts for the remaining 40%. In the B2G market, service quality is the key decision-making factor, while in the private sector price competitiveness is the key differentiator. The competitive landscape includes both national and local players, with cleaning-focused companies generally outperforming their more diversified counterparts. The market is highly fragmented, with the top 10 players accounting for only 20-25% of the total market value. Key players include Dussmann, Rekeep, Coopservice, Markas, and L'Operosa.

Maintenance Market (Italy)

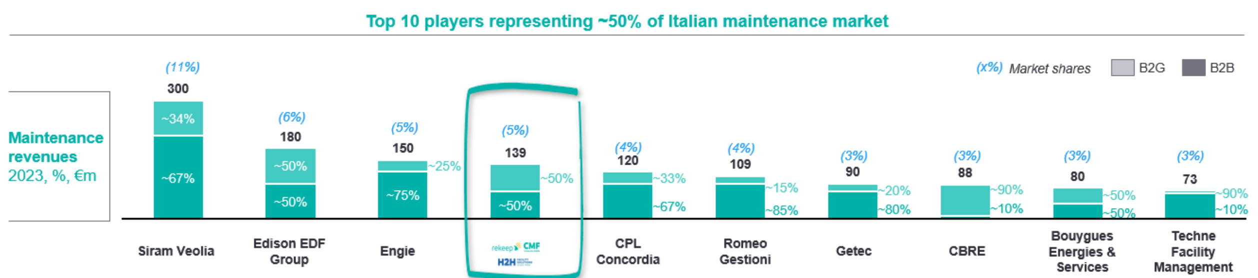
The Italian maintenance market is projected to grow at an estimated CAGR of 7% between 2024 and 2029, reaching an estimated total market value of €4.3 billion. Key drivers supporting future growth include:

- **Technological Innovation:** predictive maintenance using analytics and machine learning is reducing downtime and costs.
- **Process Outsourcing:** potential for increased outsourcing of maintenance services, especially in production facilities.
- **Facilities Modernization**: modernization of schools, hospitals, and judicial buildings increasing maintenance needs.
- **CCNL Multiservizi Renegotiation**: ongoing negotiations focus on updating terms to align with industry changes.



Source: third party consultant analysis based on public information and expert interviews; Global Market Model

The Italian maintenance market is divided into two segments: B2G, which accounts for approximately 65% of the total market value, and B2B, which makes up the remaining 35%. The market is relatively fragmented, with the top 10 players representing approximately 50% of the estimated total market value. Key players include Siram Veolia, Edison, Engie, Rekeep, and CPL Concordia. The competitive landscape includes a diverse range of players, from energy providers and engineering/construction companies to ESCos and FM-focused players. ESCos and general contractors lead with the highest EBITDA margins, while energy providers have seen strong revenue growth.

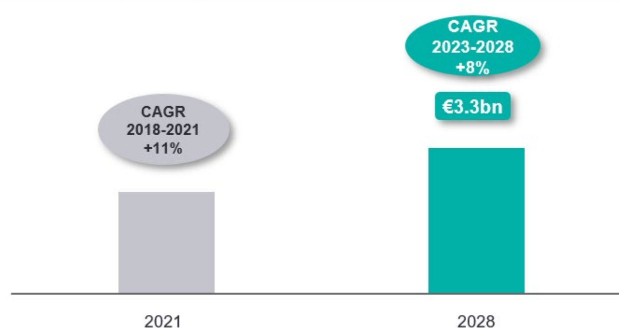


Source: third party consultant analysis based on public information and expert interviews; AIDA

Energy Management (Italy)

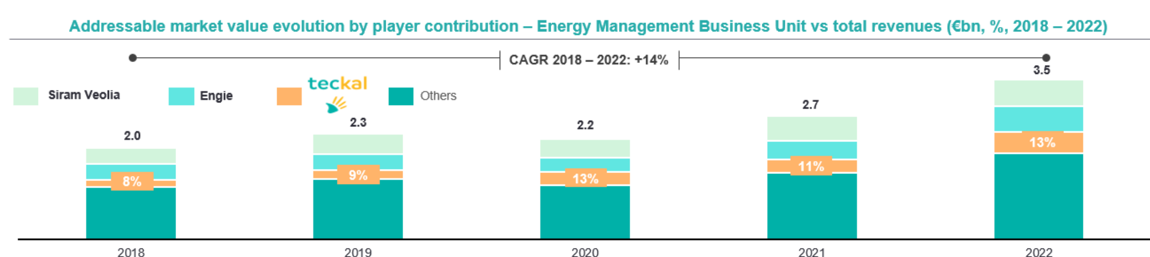
The Italian energy management market is projected to grow at an estimated CAGR of 8% from 2023 to 2028, reaching an estimated total market value of €3.3 billion. Key drivers supporting future growth include:

- **New Tender Regulation**: linking revenues to quantifiable energy efficiency improvements (introduction of more stringent minimum environmental criteria for energy efficiency tenders).
- **Digitalization**: IoT, AI, and machine learning technologies optimizing operations.
- **Value-Chain Integration**: M&A transactions enabling horizontal integration and strengthening market positioning.
- **Financing Fixing Mechanisms**: instruments are being adopted to mitigate risks and exposure to energy procurement cost volatility.
- **Incentive Schemes**: EU and national funds are available to finance renovation projects.
- **Sustainable Technology**: technology must meet sustainability requirements, impacting HVACs, illumination, and insulation systems.



Source: third party consultant analysis based on public information and expert interviews

The competitive landscape is undergoing significant consolidation, with large utility groups acquiring mid-sized energy service companies to achieve horizontal integration. This trend is reinforcing the market position of major players.



Source: third party consultant analysis based on public information and expert interviews; AIDA

Catering Market (Poland)

The Polish catering market (including both B2B and B2C segments) is expected to grow at an estimated CAGR of 6.0% between 2024 and 2029, reaching an estimated total market value of €2.9 billion.

The market can be further divided into two key segments:

- Traditional catering (i.e. B2B), where players provide standard and large-scale meal services for institutions or businesses. The B2B catering market is expected to grow at an estimated CAGR of 4.6% from 2024 to 2029, reaching an estimated total market value of €1.7 billion; and

- Dietary catering (i.e. B2C), which is specialized in preparing meals tailored to specific dietary needs, restrictions or health goals. The B2C catering market is projected to grow at an estimated CAGR of 9.5% from 2024 to 2029, reaching an estimated total market value of €1.2 billion.

Key drivers supporting future growth include:

- **Outsourcing Penetration:** demand for specialized catering providers is rising as organizations seek cost-efficiency.

- **Innovation and Automation:** technology is enhancing meal quality and operational efficiency.

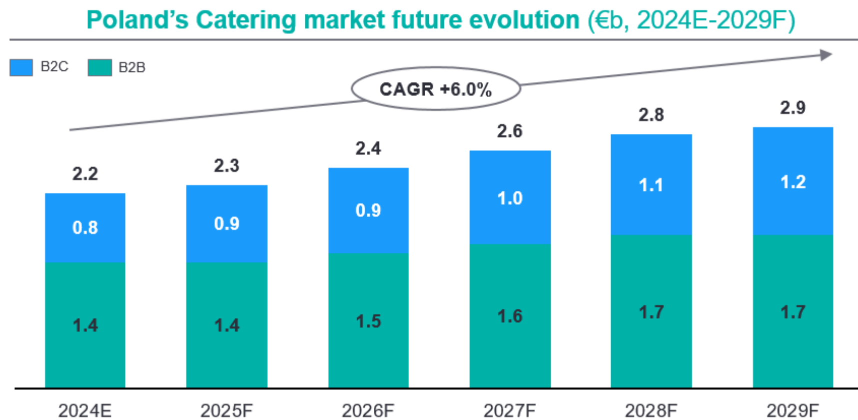
- **Inflationary Pressures:** rising costs are pushing providers to optimize operations and reevaluate pricing strategies.

- **Personnel Shortage:** shortages in the availability of personnel in Poland are driving increased demand for outsourced catering services.

- **Attention to Health and Nutrition:** growing demand for high-quality ingredients and personalized nutrition plans.

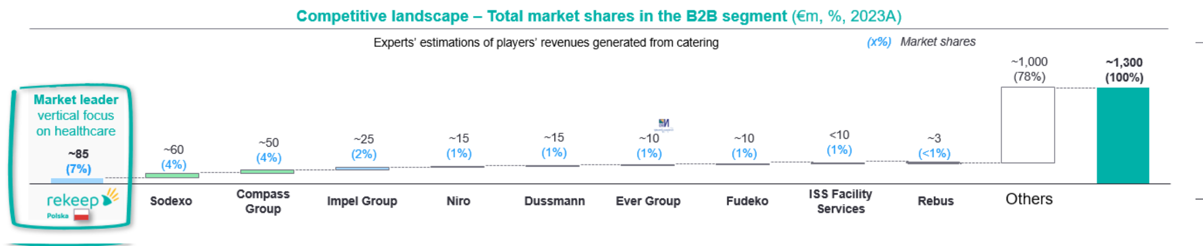
- **Raising Standards**: increased focus on ESG principles driving higher standards in private healthcare.

- **On-site Catering as a Workplace Benefit**: on-site catering is valued for enhancing employee satisfaction and retention.



Source: third party consultant analysis based on public information and expert interviews; Global Market Model; PMR Market Experts

The Polish catering market is highly fragmented, with integrated facility management companies specializing in either the public or private sector, while local players focus exclusively on catering. Meanwhile, the B2C market is undergoing rapid consolidation, with leading players now controlling approximately 40% of the market.



Source: third party consultant analysis based on public information and expert interviews; Orbis

Laundering and Sterilization (Italy)

The Italian laundering and sterilization market continues to show potential, having reached an estimated €0.8 billion in 2019 and expected to grow further through 2029. Key drivers supporting future growth include:

- **Automation and Technology:** new machinery is increasing efficiency and quality control, favoring larger operators.

- **Market Growth:** the market is growing and fragmented, with consistent growth in outsourced laundering and sterilization.

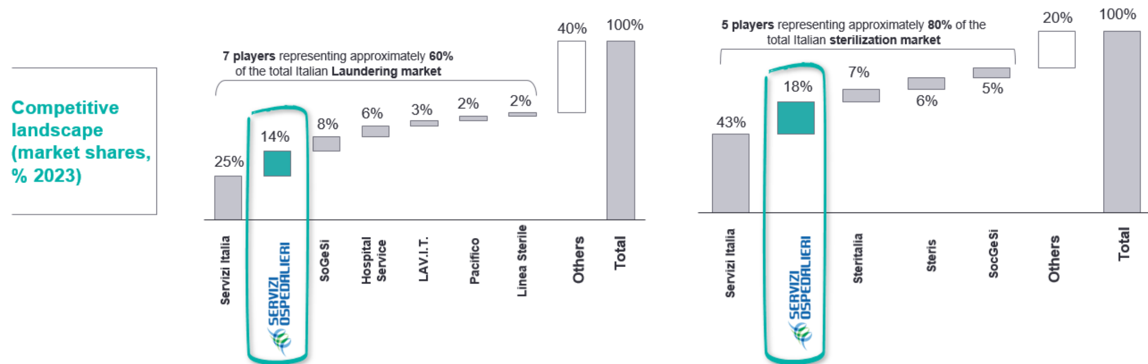
- **High Barriers to Entry**: national scale and multi-service offerings are becoming more important to key customers.

- **Public Sector Contracting:** the public sector, especially healthcare, is a major demand driver.

- **Essential Services:** sterilization is a key operational component of the healthcare sector.

The Italian laundering and sterilization market has high barriers to entry, due to the logistical complexity of the supply chain and the need to comply with strict public tender requirements. The laundering market is highly

fragmented, with the top seven players holding approximately 60% of the market. In contrast, the sterilization market is more concentrated, with the top five players accounting for about 80% of the market. Servizi Ospedalieri is a key player in both segments. Other major players include, in the laundering market, Servizi Italia (owned by Coopservice), SoGeSi, Hospital Service, Lavit, and Pacifico and, in the sterilization market, Servizi Italia, Steritalia (owned by Dussmann), Steris, and SoGeSi.



Source: third party consultant analysis based on public information and expert interviews; AIDA

OUR BUSINESS

Overview

We are a leading provider of facility management and laundering and sterilization services in Italy, with strong or developing positions in other countries, including Poland, France, Turkey and Saudi Arabia, and with a focus on delivering tailored mission critical services. We provide non-discretionary integrated facility management services ranging from building and plant maintenance, energy and cooling-related technical services, cleaning, catering, laundering and sterilization and a variety of related specialist services. We serve a diverse range of over 1,600 customers, including public sector entities, healthcare service providers and private sector companies in Italy and in our international markets, supporting them in maintaining and improving the quality, efficiency and safety of their operations. We have established ourselves as trusted providers of mission-critical services to healthcare providers, which represented 64.6% of our revenues for the twelve months ended September 30, 2024, with the rest of the revenues coming from government agencies and large private enterprises, which represented 18.2% and 17.1%, respectively, of our revenues for the same period.

Our success draws on our long history dating back to 1938 when we began providing services to the Italian state-run railway network. Since 2003, when we were spun off from MSC, our controlling shareholder, to consolidate as an independent group, we have emerged as a multi-disciplinary provider covering most of the areas of facility management and laundering and sterilization services. Today, our operations are structured into two reporting segments: Facility Management and Laundering and Sterilization Services.

- ***Facility Management Segment*** (87.8% of total revenue (gross of intra-group elimination) and 75.7% of EBITDA in the twelve months ended September 30, 2024). As part of this segment, we provide cleaning, energy management, catering, maintenance and other facilities management services to healthcare services providers, PSEs and private sector customers. We provide facility management services both in Italy and outside of Italy.

  - *Domestic (Italy) Facility Management division*: Our Facility Management operations in Italy generated 66.6% of total revenue (gross of intra-group elimination) and 59.7% of EBITDA in the twelve months ended September 30, 2024.

  - *International Facility Management division*: Our international operations, which are carried out in Poland, France, Turkey and Saudi Arabia, generated 21.3% of total revenue (gross of intra-group eliminations) and 16.0% of EBITDA in the twelve months ended September 30, 2024. Poland represents our main international market, and generated 18.4% of our total revenues (before intra-group eliminations) and 18.4% of our EBITDA in the twelve months ended September 30, 2024.

  - ***Laundering and Sterilization Segment*** (12.2% of total revenue (gross of inter-group eliminations) and 24.3% of EBITDA in the twelve months ended September 30, 2024). As part of this segment, we provide linen rental, industrial laundering, linen, surgical kits and surgical instrument sterilization services for healthcare customers. We provide laundering and sterilization services both in Italy and outside of Italy.

In the healthcare sector, we provide laundering of linens, sterilization of surgical instruments, cleaning, catering, cogeneration and engineering services, energy management and management of pharmaceutical logistics, all of which are mission critical services for the continued adequate care of patients and support our customers' continuity of operations. Our ability to deliver customized solutions has allowed us to become the exclusive provider of facility management and laundering and sterilization services for several key customers. This exclusivity has been a key factor in maintaining and expanding our market share in recent years, enabling us to build an impressive healthcare coverage as we serve over 500 hospitals across Europe and 80% of the largest hospitals in Italy (ranked by the number of beds) and approximately 50% of the hospitals in Poland and approximately 60% of the largest hospitals in the country, in addition to over 300 healthcare customers.

In the public sector, we provide traditional facility management services such as daily cleaning, heating and plumbing systems maintenance, laundering, catering and landscaping for public schools, state buildings and museums that allow them to receive visitors and users.

In the private sector, we provide traditional facility management services, specialized for private clients and maintain diverse retail and office spaces and telecommunications towers by providing, among other services, cleaning and maintenance services to keep their operations running smoothly.

We position ourselves as a solution provider rather than just a service provider by offering fully integrated services tailored to our customers' specific needs. Our deep understanding of their businesses, industries, and operating regions enables us to customize our solutions effectively. Additionally, this approach allows us to strategically allocate investments only after contracts are awarded, helping to minimize unnecessary expenses. Unlike many of our competitors, we deliver solutions by relying significantly on our own expertise and resources. We refer to this ability to implement our business strategy in support of our customers' objectives as a "make" rather than a "buy" approach.

For the twelve months ended September 30, 2024, we generated total revenue of €1,212.6 million and Normalized Adjusted EBITDA of €120.7 million, corresponding to a 10.0% Normalized Adjusted EBITDA margin.

Our strengths

We believe a number of key factors give us a competitive advantage and make our business strong and resilient, including:

Resilient, large addressable market with attractive growth prospects, supported by favorable structural tailwinds.

We operate in an industry that has grown steadily in recent years, and this growth is expected to continue. The healthcare market, our largest end market, is increasingly adopting outsourcing for facility management and laundering and sterilization services. This growth is driven by trends such as a stronger focus on health and wellness, an aging population, increased healthcare spending, technological advancements, and heightened awareness of the importance of cleaning in disease prevention. The Italian cleaning and maintenance markets have grown at an estimated CAGR of 6% and 4% from 2019 to 2024 and the Polish B2B catering market at an estimated CAGR of 5% in the same period. See "*Industry*." Overall, the Italian facility management and laundering and sterilization markets have shown resilient performance, which we believe demonstrates the non-discretionary nature of the solutions we provide. Growth is currently being driven by stricter regulations, modernization efforts, and the increasing use of outsourcing by PSEs to improve efficiency.

The Italian cleaning market is projected to grow at an estimated CAGR of 6% from 2024 to 2029, increasing from €8.5 billion to €11.5 billion, continuing its growth from €7.3 billion in 2021. Several factors are driving this sustained growth. In the wake of the COVID-19 pandemic, governments and organizations have implemented stricter regulatory standards for cleanliness and hygiene, reinforcing the need for professional cleaning services. At the same time, public and private sector initiatives aimed at modernizing facilities, such as the National Recovery and Resilience Plan (*Piano Nazionale di Ripresa e Resilienza*) (the "**NRRP**"), which represents Italy's response to the global COVID-19 emergency and the obstacles that have hindered the growth of the country's economic, social, and environmental systems in recent decades, and which was approved by the European Council on July 13, 2021, have led to extensive renovations in hospitals, schools, and public spaces. In particular, the NRRP includes €1.6 billion focused on upgrading hospital safety and modernizing healthcare facilities for improved efficiency and sustainability, €1.4 billion invested in building new, energy-efficient schools to replace outdated structures, €0.6 billion invested in judicial infrastructure, enhancing efficiency, resilience, and technology while renewing urban environments, and €345 million for railway station requalification initiatives. These modernization efforts have not only improved infrastructure but also raised hygiene standards by incorporating stricter regulations, advanced sanitation protocols, and new facility designs that require higher levels of cleanliness. We anticipate that the NRRP will continue to have a positive impact in Italy, as bureaucratic and approval delays from local authorities have postponed the implementation of many projects. Additionally, businesses and institutions are increasingly turning to outsourcing solutions to achieve greater efficiency and scalability, recognizing the benefits of professional cleaning providers over in-house operations.

The Italian maintenance market is projected to grow at an estimated CAGR of 7% from 2024 to 2029, increasing from €3.0 billion to €4.3 billion, continuing its growth from €2.5 billion in 2021. This upward trend is largely attributed to the aging infrastructure across various industries, which requires continuous upkeep and modernization. As businesses and institutions increasingly prioritize asset longevity, there is a noticeable shift towards proactive and preventive maintenance strategies that help reduce downtime and long-term costs. Additionally, the ongoing modernization of facilities has resulted in a growing number of systems requiring

regular servicing, creating further demand for maintenance solutions. Beyond scheduled upkeep, there is also an increasing need for emergency and on-demand maintenance services, reinforcing the market's growth and solidifying its long-term potential.

The Italian energy management market is projected to grow at an estimated CAGR of 8% from 2023 to 2028, increasing from €2.4 billion to €3.3 billion. This growth is fueled by the increasing shift towards decentralized energy solutions, as businesses and institutions seek greater energy independence and resilience. Additionally, corporate initiatives aimed at cost efficiency and sustainability are leading organizations to optimize energy consumption, reducing operational expenses while meeting environmental targets. Government regulations and incentives are also playing a key role in promoting sustainable energy management practices, further accelerating adoption. Moreover, fluctuations in energy costs have made businesses more proactive in seeking solutions that enhance efficiency and mitigate financial risk, driving demand for innovative energy management services.

The Italian laundering and sterilization market continues to show potential, having reached an estimated €0.8 billion in 2019 and expected to grow further through 2029. Demand for professional laundering and sterilization services has increased significantly, particularly within industries where hygiene and safety are paramount, such as healthcare. Hospitals, in particular, are increasingly reliant on outsourced solutions to meet stringent cleanliness requirements, with the current outsourcing rate of 20% expected to rise substantially in the coming years. This shift presents significant opportunities for securing new contracts, as institutions recognize the advantages of external providers in maintaining compliance and operational efficiency. At the same time, the demand for sterilized textiles across specialized industries, including pharmaceuticals and biotechnology, continues to increase, reinforcing the long-term need for professional services in this sector.

The Polish catering market (including both B2C and B2B markets) is projected to grow at an estimated CAGR of 6% from 2024 to 2029, increasing from €2.1 billion to €2.9 billion, continuing its growth from €1.4 billion in 2021. This growth is driven by an increasing demand for tailored food services that cater to specific dietary needs, particularly in healthcare and institutional settings. In the corporate sector, on-site catering boosts employee satisfaction and office attendance, making it a mission critical service for companies looking to enhance workplace culture and productivity. As organizations seek to improve service efficiency, outsourcing food services has become an increasingly attractive option, allowing businesses and institutions to optimize resources while maintaining high-quality meal offerings. At the same time, rising healthcare standards focused on improving patient nutrition and well-being are driving investments in specialized catering solutions. Meanwhile, innovation and automation are reshaping the sector, introducing greater adaptability and operational efficiencies that further contribute to its growth.

Across all these markets, we see substantial opportunities for expansion, driven by evolving regulations, technological advancements, and shifting business priorities. The increasing emphasis on professional facility management, energy efficiency, and specialized service outsourcing positions us favorably within these growing industries. With a solid market presence and a strategic focus on operational excellence, we are well-equipped to capitalize on these trends, giving us an opportunity for sustained growth. Supported by favorable market dynamics and structural tailwinds, we believe our Facility Management and Laundering and Sterilization segments are well-positioned for sustained growth.

Leading provider of mission critical services for critical markets, uniquely positioned in a fragmented landscape.

We believe that we are one of the largest providers of facility management and laundering and sterilization services in the highly fragmented Italian market. We are also the leading catering service provider in Poland, and have a growing presence in France, Saudi Arabia and Turkey.

According to expert interviews and AIDA, our market position in 2023 reflects our strong standing across multiple service segments.

In Italy, we are the second-largest provider of cleaning services, holding a 4% market share (for the year ended December 31, 2023), in a market where the top 10 players collectively only account for only 20–25% of the market. Our presence in over 500 hospitals across Europe makes us a preferred choice compared to many competitors who operate with more limited regional footprints. Our growth has been largely driven by our ability to foster long-term client relationships, resulting in high client retention rates while simultaneously enhancing our reputation for quality and reliability.

In maintenance, we hold a 5% market share (for the year ended December 31, 2023), making us the fourth-largest provider in a sector where the top ten players account for approximately 50% of the market and with the top 24 players representing approximately two-thirds of the total market.

In energy management, we hold a 13% market share (for the year ended December 31, 2022), making us the third-largest provider in a sector where the top three players account for approximately 50% of the market.

In laundering and sterilization, our subsidiary Servizi Ospedalieri holds a 14% market share (for the year ended December 31, 2023) for laundering (with the top seven players accounting for approximately 60% of the total market) and an 18% market share (for the year ended December 31, 2023) for sterilization (with the top five players accounting for approximately 80% of the total market), making us the second-largest provider.

In Poland, our Rekeep Polska Group is the largest provider of catering services, with a 7% market share (for the year ended December 31, 2023), in a sector where the top ten players together only account for approximately 20% of the market. The increase in our market share in Poland can partially be attributed to our Cook&Chill project, which, through investments in centralized kitchens has allowed us to enhance meal quality and operational efficiency by preparing, chilling, and reheating meals, which helps improve food safety, reduce waste, and lower costs. Our Cook&Chill project, among other things, allows hospitals to increase their reliance on outsourced meal preparation, helping them streamline operations and reduce costs. The increase in our market share was accompanied by a continued growth in our revenues from the Polish market from €129.2 million for the year ended December 31, 2021, to €179.5 million for the year ended December 31, 2023.

We believe our ability to operate across multiple service segments in both Italy and Poland gives us a competitive advantage. By offering a diverse range of mission critical services under one roof, we provide customers with a seamless, integrated approach that enhances operational efficiency and reduces complexity. The fragmented nature of the markets in which we operate presents a significant opportunity for growth through market consolidation. This allows us to strengthen our position by acquiring market share from competitors, as no single player has consolidated a dominant share.

Defensive business model as a mission-critical service provider with a clear focus on the healthcare sector.

Our service offering spans multiple sectors, each playing a crucial role in the smooth functioning of healthcare, public, and private facilities. As a provider of mission-critical services, we play an integral role in supporting the operations of our customers, particularly those in the healthcare sector. Additionally, our business model remains highly defensive due to the significant barriers to entry in the markets in which we operate.

Our comprehensive service offering ensures that healthcare operators can rely on us for a wide range of essential solutions, enabling them to focus on delivering high-quality patient care. We believe that we offer the broadest range of healthcare services among our competitors, with over 4,000 catering workers, four laundering facilities, four sterilization plants for surgical fabrics, three sterilization plants for surgical instruments, 25 sterilization plants within hospitals, and three sterilization plants for disposable kits. This infrastructure enables us to service approximately 700,000 operating fields every year and 350,000 surgeries every year while also dressing around 290,000 surgical operators every year, making over 40,000 beds, managing over 850 heating and air conditioning systems, and sanitizing more than 3,400 carriages daily.

Our cleaning services extend beyond general hygiene and disinfection to include specialized solutions such as operating room sterilization and medical waste management. Given the critical nature of these services, we benefit from long-standing client relationships and a strong reputation, both of which act as significant barriers to entry for new competitors.

Our laundering and sterilization services support healthcare providers by ensuring the highest standards of hygiene for hospital linens, surgical instruments, and disposable procedure kits. Compliance with strict regulatory standards and the structured regional tendering process make this a highly specialized and competitive sector, where established providers like us hold a distinct advantage.

We also provide a broad range of maintenance services, from building management to healthcare logistics and hospital internal pharmacy management. These services require a highly skilled workforce and advanced technological capabilities, both of which present significant barriers for new entrants. Our long-term service agreements further reinforce our market presence, ensuring stability and continuity in service delivery.

Our widespread presence across Italy, along with our expanding international footprint, underscores our role as a key partner in healthcare service delivery. The indispensable nature of our services is further demonstrated by our ability to provide sanitation and disinfection services to intensive care units, 24/7 emergency support, and the supply of disposable emergency and first aid kits. We believe our capacity to offer a wide range of integrated services and the essential nature of some of these services represents a significant opportunity for our customers, who can rely on a single supplier without compromising the quality of the services rendered.

We also offer energy management, providing power supply and heat management solutions while ensuring optimal energy efficiency for our customers. The complexity of these services, which require advanced technological expertise and long-term contractual commitments, limits market entry for new players. Additionally, our integrated partnerships allow us to offer customized energy solutions that align with the operational needs of our customers.

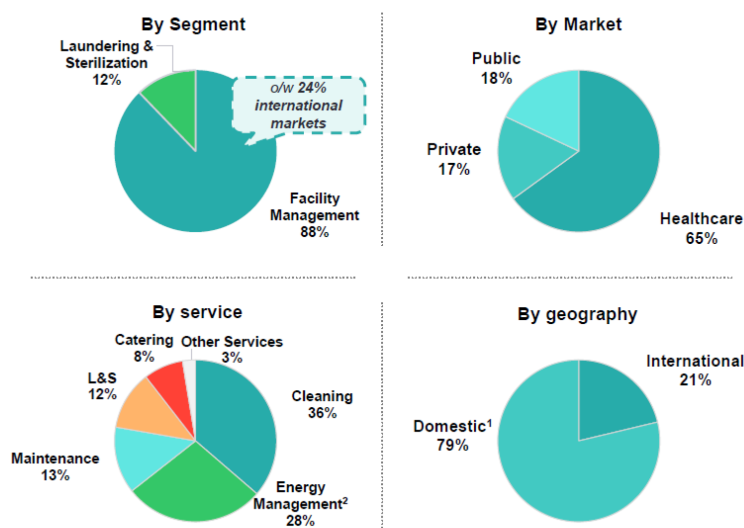
Our business relationships with our PSE and healthcare customers are usually formed by participating in public tenders. We believe that stringent public tender requirements in Italy are another barrier to entry due to the complex technical requirements of the proposal and related documents that operators must prepare to participate in public tenders. The new Italian Public Tender Code has shifted public authorities' focus from cost to the quality and standard of service provided, favoring specialized and technical providers over those that prioritized low pricing at the expense of quality. We have regularly participated in public tender processes and have the expertise and personnel to successfully bid in such processes. We possess unique in-depth knowledge of the complex Italian public tender requirements to which we dedicate a team of specialists across our Facility Management Segment and Laundering and Sterilization Segment.

Our catering services in Poland also form integral part of our offering, with large-scale meal solutions designed to meet the dietary and nutritional needs of healthcare and institutional customers. The ability to operate efficiently at scale is crucial in this market, making it difficult for smaller players to compete. Significant barriers to entry include the substantial time and cost required to build centralized kitchens, typically taking four to five years to establish. Additionally, our specialization in healthcare catering gives us a competitive advantage over non-specialized competitors, ensuring tailored solutions that meet stringent dietary and regulatory standards. Our investment in a third centralized kitchen, which we expect will become operational in 2027, further enhances our coverage, allowing us to serve the entire country, reinforcing our market position and service reliability. Partnerships with healthcare institutions and the regulatory requirements necessary to operate in the public sector further increase these barriers to entry.

Diversification across customers and services with well positioned platform to drive further growth.

We have built diversified and long-standing customer base, serving over 1,600 customers as of December 31, 2024. Our diversified customer base and diverse service offering have been a key driver of our continued growth, reducing our reliance on any single service or sector while ensuring resilience in fluctuating market conditions. By maintaining a broad portfolio of services and industries, we can effectively mitigate risks, seize new opportunities, and adapt to evolving client needs.

The below charts illustrate our total revenue for the twelve months ended September 30, 2024, by segment, market, service and geography.



Source: Company information, Managerial Accounts

(1) "Domestic" includes only the revenues originated in Italy from our Facility Management and Laundering and Sterilization segments.

(2) "Energy Management" includes revenues from our energy management services. All other maintenance activities are accounted for under "Maintenance".

(3) Revenue splits exclude intra-Group eliminations.

Our ability to provide integrated facility management services, combined with our geographic proximity to our customers, allows us to act as a one-stop-shop for leading companies and institutions across the healthcare, public, and private sectors. We believe our proposals for integrated services tend to be more cost-efficient for our customers than using individual services provided by a range of suppliers. In addition, we believe our integrated services tend to produce increased customer loyalty, which provides us with an important competitive advantage.

Our clientele includes major public entities, such as central government ministries, local governments, and universities, as well as prominent public healthcare institutions and top-tier private companies, including Amazon, NTV-Nuovo Trasporto Viaggiatori (Italo), Umberto I Policlinico di Roma, and NH Hotels.

Our established network in both our Facility Management and Laundering and Sterilization segments throughout Italy and internationally positions us to provide services to our customers quickly and continue to develop close, long-standing relationships directly with our customers. Among our top 40 customers, approximately 50% have been with us for over ten years, 40% for five to ten years, and 10% for less than five years. This longevity underscores the trust our customers place in our services and reinforces our position as a preferred provider in the industry. For the year ended December 31, 2023, our top 40 customers generated approximately 45% of our total revenue.

Resilient business refocused towards highly visible and recurring revenue streams and long-term contracts.

We believe our customers consider our services fundamental to their operations, as we provide them with the technical expertise they need in a cost-effective manner compared to managing these functions internally. As a result, we have built long-term relationships, ensuring stable revenue visibility and a consistently strong pipeline. The average duration of our contracts varies by sector, with healthcare facility management contracts typically lasting four to five years, and laundering and sterilization contracts lasting on average six to seven years. Our agreements with private sector customers tend to range between one and three years, while contracts with public sector entities generally average four years and contracts for our international operations generally last two years. Given the key nature of our services, delays in tender processes or contract assignments often result in the renewal of existing contracts to ensure service continuity. As a result, the actual duration of service delivery frequently extends beyond the initial contract term.

Our multi-year contracts provide reliable and predictable revenue streams. We measure this through our backlog, which represents the total value of signed contracts or binding commitments from customers. Although our backlog was affected by external market challenges in 2022 and 2023, including changes in tendering processes and a decline in the value of awarded contracts, 2024 has shown signs of recovery in Italy which we expect to continue in 2025 given an expected increase in number of non-public addressable tenders compared to previous years. This rebound in the Italian market is highlighted by an increase both in terms of the number and volume of tenders we participated in and our pipeline. In the nine months ended September 30, 2024, we had participated in 91 tenders, an increase from 76 in the same period in 2022, with a total volume of €1,352 million, up from €692 million in September 2022. Despite this rebound, the new tenders we have partecipated to require 1-2 years, in case of awarding, before converting into signed contracts, so our backlog does not yet reflect the increased tenders and pipeline. As of September 30, 2024, our backlog stood at €2.7 billion, with the majority attributed to public sector and healthcare contracts, reflecting our strong positioning in these critical markets. See "*Risk factors—Risks related to our business—Our backlog is subject to unexpected adjustments and service contract terminations and is, therefore, an uncertain indicator of future earnings*" and "*Management's discussion and analysis of financial condition and results of operations—Principal factors affecting our results of operations—Increased outsourcing of facility management and growing backlog*" and "*Management's discussion and analysis of financial condition and results of operations—Principal factors affecting our results of operations—Backlog.*"

DOMESTIC (Italy)			
HEALTHCARE CUSTOMERS	PUBLIC CUSTOMERS	PRIVATE CUSTOMERS	INTERNATIONAL
✓ **Backlog: ~€1.9b** ✓ **Contract length**[1] (avg. 4+ yrs) : ▸ FM (healthcare): 5+ yrs ▸ Laundering & Sterilization: 6-7 yrs	✓ **Backlog: ~€0.4bn** ✓ **Contract length**[1]**:** ▸ FM (public): ~4 yrs	✓ **Backlog: ~€0.1bn** ✓ **Contract length**[1]**:** ▸ Private: 1 to 3 yrs (often with automatic renewal clauses)	✓ **Backlog: ~€0.3bn** (o/w ~84% healthcare) ✓ **Contract length**[1]**:** ▸ Avg. 2+ years

Source: Company information

(1) Average based on acquired contracts in the years 2021 Q3 2024.

Beyond backlog, our business benefits from a high level of recurring revenue, supported by a diverse customer base with a strong retention rate. With over 1,600 customers, our top 40 customers only accounted for 45% of our total revenue for the year ended December 31, 2023. Looking ahead to 2025, we estimate that approximately 80 to 85% of our revenues will come from backlog, extension and renewal of existing contracts. Additionally, between 2019 and 2023, we had a 90% contract renewal rate among our top 40 customers, demonstrating our ability to maintain and grow long-term relationships. Even when contracts expire, we continue to provide mission critical services until new tenders are finalized, ensuring uninterrupted service delivery. This strengthens our customer relationships and reinforces our position as the preferred provider for contract renewals and future tenders.

Track record of sustained profitability with keen focus towards steady growth.

Our long-standing customer relationships and the mission critical nature of our services have ensured steady revenue growth over the years. For the years ended December 31, 2021, 2022, and 2023, and for the twelve months ended September 30, 2024, we generated revenues of €1,122.0 million, €1,294.4 million, €1,186.8 million, and €1,212.6 million, respectively.

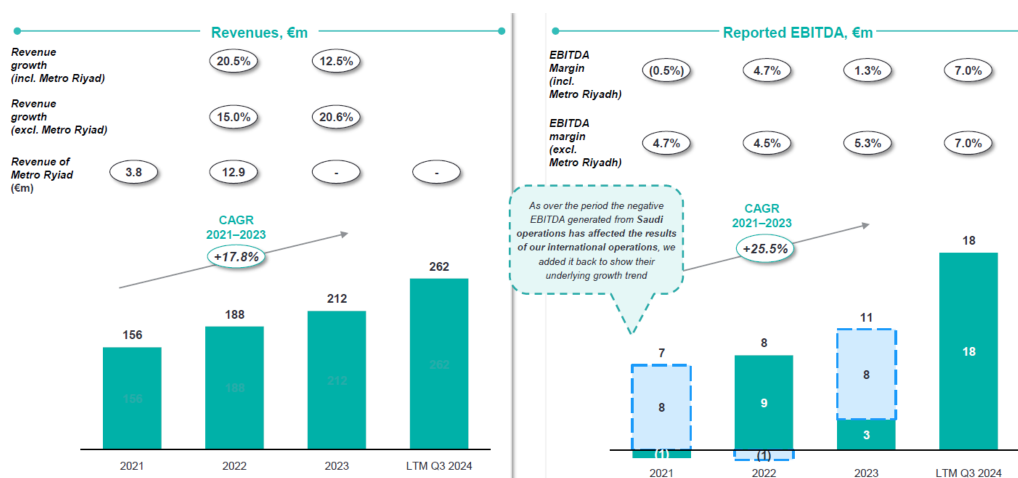
In recent years, we have also focused on optimizing organizational efficiency, with particular attention to SG&A expenses and platform operations. These efforts have helped us manage margin pressures effectively. For the twelve months ended September 30, 2024, our Normalized Adjusted EBITDA was €120.7 million, with a Normalized Adjusted EBITDA margin of approximately 10.0%.

One of the key drivers of our sustained growth has been our international expansion especially our continued growth in Poland. The acquisition of Rekeep Polska strengthened our presence in the Polish healthcare facility management market and, in particular in the B2B catering market. Rekeep Polska primarily provides catering services to public hospitals. In recent years, notable capital expenditures have been made, leading to the construction of two central kitchens (or food processing plants): one in Gdańsk and another in Oświęcim, with the latter having a larger capacity. A third central kitchen in Koluszki is currently under construction and is expected to become operational in 2027. Technological advancements, such as Cook&Chill, enhance meal quality

and operational efficiency by preparing, chilling, and reheating meals, which helps improve food safety, reduce waste, and lower costs. With these three central kitchens (or food processing plants), Rekeep Polska aims to cover the entire Polish territory. Rekeep Polska's strong competitive standing enables it to attract specialized talent, including foreign professionals, which smaller players struggle to recruit. Additionally, Rekeep Polska has developed specialized expertise in navigating the complexities of the public sector, building a dedicated team to effectively manage public tenders over time.

Revenues in Poland accounted for 18.4% of total revenue for the twelve months ended September 30, 2024, up from 11.5% in 2021.

In recent years, we have successfully expanded into France, Turkey, and Saudi Arabia, securing facility management contracts primarily in the transport and healthcare sectors. Our international revenues (excluding Poland) accounted for 3.2% of total revenue for the twelve months ended September 30, 2024, up from 2.4% in 2021. Despite the negative EBITDA generated by our Saudi operations during this period, we have continued to achieve steady growth. The charts below illustrate our sustained growth notwithstanding our Saudi operations.



Our growing international footprint has also driven an increase in revenues from the healthcare sector, which we see as a key area of growth due to the longer contract durations, providing enhanced revenue visibility. Since 2021, healthcare contracts have formed the largest portion of our business, accounting for 76.5% of our backlog as of December 31, 2023, compared to 72.5% in 2021.

Experienced management team and robust governance.

Our success is driven by a highly experienced management team that brings together investment professionals with deep industry expertise and a proven track record in business transformation. Their leadership extends across all functional areas of our business, ensuring strategic oversight and operational excellence. Giuliano Di Bernardo, who has served as our Chief Executive Officer since 2017, has over 25 years of experience in the industry and brings invaluable knowledge and a strong track record of leadership. Alongside him, our Board of Directors and the senior management teams across our group companies contribute a wealth of experience, guiding the organization with a focus on innovation, efficiency, and sustainable growth.

Supporting our leadership is a solid compliance and governance framework. Since implementing our compliance model in 2008, in line with Italian Legislative Decree No. 231/2001, we have regularly updated it, with the latest revision on August 29, 2024 (the "231 Model"), to incorporate new regulatory developments in whistleblowing. This approach ensures we remain aligned with regulatory standards and best practices. Our 231 Model is supported by a dedicated software and an independent 231 Supervisory Body, which conducts regular audits and collaborates with both internal and external advisors, including BDO Advisory Services S.r.l. Our internal procedures for consulting services and public tender processes further demonstrate our commitment to compliance. Our Code of Ethics, updated in May 2023, along with our whistleblowing compliance program introduced in July 2023, and our antitrust compliance program, which includes a quarterly audit plan and a new antitrust code of conduct, underscore our focus on ethical governance and regulatory adherence. In March 2024, a new board of directors was appointed, with three independent members out of seven, and has established a Related Parties Committee, an Appointments and Remuneration Committee, and a Control and Risk-ESG Committee. Additionally, the

appointment of a partner from BDO Advisory Services S.r.l. as the head of internal audit highlights our commitment to ethical governance. We conduct regular training and communication sessions to ensure the effective implementation of our compliance system.

Our strategies

Our objective is to strengthen our position as a leading integrated facility management provider in Italy and to achieve sustainable profitable growth and strong liquidity through the following strategic pillars:

Consolidation of our existing portfolio and restoration of our market share with a focus on traditional and core activities.

Going forward, we intend to consolidate our existing client portfolio and enhance our market position in our core markets through the following strategies across our Group:

Rekeep & CMF: Our focus is on consolidating our existing portfolio and gradually restoring our market share, particularly in the integrated facility management sector. We plan to enhance our commercial structure and expand our presence in regions where we currently have limited coverage. By strategically investing margins, we aim to leverage operating efficiencies on fixed costs. Additionally, we will also participate in smaller tenders to strengthen our market position. Our strategy includes a renewed emphasis on maintenance services, especially construction works. We also plan to engage in tenders for other soft services, such as logistics and concierge services. Furthermore, we are committed to rationalizing our structural costs by reducing reliance on external services, improving IT systems efficiency, and optimizing office utilization. Finally, we may evaluate minor bolt-on acquisitions to integrate other service providers, thereby strengthening our competitive position, broadening our range of offerings, and increasing our presence in the markets where we operate.

H2H: We aim to expand our presence in the private client market by focusing on innovative and digital services. We intend to leverage our rebranding to enhance our market position and strengthen our cleaning and maintenance services while also bolstering H2H Digital's commercial structure. We are committed to integrating additional innovative and digital services through H2H Digital Solutions and H2H Document Solutions. Additionally, we intend to optimize our picking operations (service of placing products on retail shelves) and implement internal cost rationalization.

Teckal (Energy management): We plan to manage our Energy Management business as a largely independent entity to explore a differentiated approach from traditional facility management. The energy services, which were previously carried out by Rekeep and Consorzio Stabile CMF, are now provided by our subsidiary, Teckal, as a result of the business reorganization that occurred on January 1, 2025. See "*Summary—Recent Developments*." We are considering seeking and prioritizing project financing opportunities to support potential growth and innovation within the unit. By leveraging requalification projects, we hope to enhance cross-selling opportunities, thereby improving our service offerings and client relationships. Additionally, we are looking into implementing targeted requalification initiatives to potentially improve profitability on existing projects, aiming for sustainable financial performance. For projects currently operating at a loss, we are considering engaging in contract redefinition with clients to realign terms and improve project viability.

International: We plan to expand our presence in high-growth sectors and regions by strengthening our position in existing markets and exploring selective inorganic growth opportunities. Building on our past successes, we aim to export our know-how and accumulated expertise from Italy to high-growth sectors and regions. We intend to reinforce our position in existing markets such as Poland, France, Turkey, and Saudi Arabia by entering into public-private partnerships, forming joint ventures, or acquiring companies while leveraging the local expertise of existing management and shareholders. See "*—Continue to consolidate market presence through bolt-on acquisitions in Italy and in select international markets, replicating our successful business model.*"

Servizi Ospedalieri (Laundering and Sterilization): We aim to drive growth in the sterilization business by leveraging Public-Private Partnerships (PPPs). Additionally, we are redefining our contract management and purchasing models to minimize initial capital expenditures and improve our DSO and DPO balance. Our focus on regional laundering tenders is designed to enhance our competitive positioning by developing projects with high technical value, emphasizing Minimum Environmental Criteria. Furthermore, we are consolidating our medical kits business within our Medical Device and U.Jet S.r.l. subsidiaries, progressively integrating our existing portfolio with new client acquisitions and strengthening commercial relationships.

Consolidation of our leadership in the public administration segment.

We intend to continue to consolidate our leading position among Italian PSEs and healthcare customers and further increase our market share by acquiring new contracts with large centralized purchasing agencies of Italian PSEs and healthcare customers to achieve high working volumes allowing us to leverage our economies of scale. We intend to use our in-depth knowledge of the requirements and tendering process in the Italian market and our ability to meet regulatory requirements and offer the full range of services required to win new contracts. In particular, the aggregation of PSE contracts through regional purchasing authorities' framework agreements that often comprise a larger range of services and/or geographic areas is particularly attractive because such contracts focus on a combination of cost and quality and award, subject to certain terms and conditions, rights to provide services for up to a set maximum amount in a specified region for a certain period. In addition, we also plan to start targeting also tenders with smaller contract values that may offer greater geographic interest and higher profit margins. This involves concentrating commercial efforts on smaller contracting authorities (such as municipalities, provinces, and care facilities) where our local presence and expertise provide a competitive edge. Our scale and national presence in Italy permits us to quickly begin performing under such agreements and therefore turn public tender wins into ready cash generation. Following successful tender wins under framework agreements, we intend to continue to actively promote our services to the PSEs in our assigned geographical areas, using our know-how to propose both routine and non-routine services to our customers, thereby realizing the maximum revenues potential thereunder.

Our size, technical offering and operational expertise provide us with a compelling advantage to seize such opportunities.

Drive cash flow generation and deleveraging.

We intend to focus on generating strong cash flows from operations through preserving our high profitability, improving working capital management, completing our growth capex plan and maintaining low maintenance capital expenditures in accordance with historical trends, with a view to decreasing our financial indebtedness. We intend to increase our cash flow generation and maintain our strong profitability, by focusing on efficiency improvements and aiming to achieve a reduction and optimization of (i) fixed costs, through constant monitoring of general and administrative expenses, (ii) variable costs, by way of optimizing the deployment and utilization of our personnel and renegotiation of agreements with suppliers, and (iii) capital expenditures, by way of rationalization of our major investments (information technology and linen) and adopting consistent internal rate of return thresholds. In addition, we intend to improve our working capital management by accelerating our invoicing procedures, increasing our focus on customer interaction and strengthening billing and collection procedures through coordinated and organized series of data collection initiatives (i.e. periodic visits to customers). As part of our strategic plan to optimize financial performance, we are also considering selling certain assets to substantially reduce leverage and strengthen our focus on the remaining business activities. Additionally, the FM4 renegotiations will free up additional cash flow for use in the business compared to previous years, enabling us to prioritize our business growth initiatives rather than allocating resources toward fine payments. By concentrating on these areas, we aim to extract synergies and achieve greater organizational efficiencies, thereby driving long-term growth and value creation.

Our history

Our roots date back to 1938, when sixteen railway workers formed the "*Cooperativa per le manovalanze ferroviarie*" (Cooperative for Railway Laborers), to manage workers' contracts with the Italian State Railways while promoting good working conditions, create employment, and advance workplace safety. Over time the cooperative grew into a large service provider and mutual assistance organization. In 1960, facing reduced outsourcing by the Italian State Railways, the cooperative diversified and expanded nationally, rebranding as Manutencoop. During the 1990s, Manutencoop grew through acquisitions and spin-offs, becoming a leader in specialized services with over 1,000 employees by 1996. Early acquisitions included Segesta, Bsm, MCB, BarSA, Roma Multiservizi and Fleur, now Servizi Ospedalieri, a key player in the healthcare services market.

In 2003, following the spin-off of Manutencoop's facility management business unit and additional investments in the sector, we were established as the Manutencoop Facility Management Group. In 2005, we acquired Manutencoop's cleaning, and landscaping divisions in addition to a 45.5% interest in Roma Multiservizi. In 2007 and 2008, we further expanded our service offering through the acquisition of Teckal and a majority stake in Sicura, entering the fire safety and security sector.

From 2009 to 2014, we restructured our Group through divestitures and mergers, maintaining stability during Italy's economic crisis. During this period, we divested certain non-core assets in project management and photovoltaic energy, lifting equipment installation and maintenance and public lighting sectors. At the same time, we streamlined and integrated our operating structure to strengthen our leadership in the facility management, laundering and sterilization markets in Italy while expanding into Europe. In 2015 and 2016, we launched new business lines, including our digital services, with the objective of growing our "business to business" services and leveraging our expertise to grow in selected international markets.

Since 2015, we have expanded our international facility management operations both organically, through our activities in France (via the Rekeep France S.a.S. sub-group, where we hold a 93.07% stake as of September 30, 2024) and Saudi Arabia (via Rekeep Saudi Arabia Ltd), and inorganically through acquisitions in Turkey (via EOS, where we hold a 51% stake as of September 30, 2024) and Poland (via the Rekeep Polska S.A. sub-group, where we hold an 80% stake as of September 30, 2024)

In 2017, Manutencoop undertook a comprehensive corporate reorganization and Group refinancing, during which it acquired all outstanding equity interests held by its minority shareholders. As part of this transaction, Manutencoop transferred our shares to a newly established holding company, CMF S.p.A. ("**CMF**"), making it our new direct parent. In 2018, CMF completed a merger by incorporation into Manutencoop. At the same time, we rebranded from Manutencoop Facility Management to Rekeep as part of a broader redefinition of the Group's organizational system. Our rebranding was conceptually supported by our international expansion and our continued commitment to improving working conditions and standards of living.

In 2020, we completed the disposal of our fire prevention and fire safety company Sicura, a business we had acquired in 2008. In 2021, we acquired a 60% stake in U.Jet S.r.l., a company focusing on healthcare devices.

Effective February 1, 2022, Manutencoop transitioned from a cooperative company to a joint-stock company, adopting the new name MSC Società di Partecipazione tra Lavoratori S.p.A. The shares representing the entire share capital of the cooperative company, previously held by its shareholders, were proportionally converted into shares of the newly formed joint-stock company, maintaining equal par value.

In 2024, the Group reorganized certain of its activities. Specifically, the subsidiary H2H Facility Solutions expanded its offerings and launched two companies: H2H Digital Solutions, formerly Rekeep Digital, dedicated to digital facility management, and H2H Document Solutions, formerly Telepost, dedicated to document management.

For information on the business reorganization through which, *inter alia*, our energy management services have been transferred to Teckal, see "*Summary—Recent Developments—Energy Business Reorganization.*"

Our organizational structure

We are a leading player in the Italian facility management, laundering and sterilization markets providing essential high value-added services which are auxiliary to the core business of healthcare facilities, PSEs and large private groups. We aim to consolidate our leadership in the Italian market by being recognized as a leading company providing a fully integrated offering of solutions to large and complex healthcare and strategic facilities. We are increasingly active internationally through operations in Poland, France, Turkey and Saudi Arabia where we carry out facility management and laundering and sterilization operations for local and international clients. The services we provide can be divided into two primary segments of business:

- ***Facility Management Segment***. (87.8% of total revenue (gross of intra group elimination) and 75.7% of EBITDA in the twelve months ended September 30, 2024). As part of this segment, we provide cleaning, energy management, catering, maintenance and other facilities management services to healthcare services providers, PSEs and private sector customers. We provide facility management services both in Italy and outside of Italy.
    - <u>Domestic (Italy) Facility Management division</u>: Our Facility Management operations in Italy generated 66.6% of total revenue (gross of intra-group elimination) and 59.7% of EBITDA in the twelve months ended September 30, 2024.
    - <u>International Facility Management division</u>: Our international operations, which are carried out in Poland, France, Turkey and Saudi Arabia, generated 21.3% of total revenue (gross of intra-group eliminations) and 16.0% of EBITDA for the twelve months ended September 30, 2024. Poland, which

represents our main international market for facility management services, generated 18.4% of our total revenues (before intra-group eliminations) and 18.4% of our EBITDA for the twelve months ended September 30, 2024.

- ***Laundering and Sterilization Segment*** (12.2% of total revenue (gross of inter group eliminations) and 24.3% of EBITDA in the twelve months ended September 30, 2024). As part of this segment, we provide linen rental, industrial laundering, linen, surgical kits and surgical instrument sterilization services for healthcare customers.

Our services

Facility Management Segment

Through our Facility Management Segment, we offer a broad range of facility management services to healthcare service providers, PSEs and private sector customers. Facility management involves the provision of logistical and organizational support services to our customers' facilities in order to help customers make optimal use of their buildings and outdoor spaces. We refer to the provision of more than one such service as "integrated facility management." While our core facility management services geography is Italy, we are also active in Poland, France, Turkey and Saudi Arabia.

For the twelve months ended September 30, 2024, our Facility Management Segment generated revenue of €1,080.5 million, EBITDA of €86.5 million and Adjusted EBITDA of €92.3 million. Our Facility Management operations in Italy generated 59.7% of EBITDA in the twelve months ended September 30, 2024, while for the same period our international operations generated 16.0% of EBITDA.

The following presents a brief description of each service area of our Facility Management Segment.

Cleaning

Cleaning services include cleaning and hygiene services, sanitation, disinfection, pest control and rat extermination, collection, transport and disposal of hospital waste. We provide such services for customers, encompassing routine daily office and facilities cleaning, the collection, transport and disposal of sanitary waste and well as specialized cleaning services such as sanitization and disinfection for industrial or healthcare customers. Most of our manual workers are employed in this activity and management estimates that labor costs represent the largest portion of our total costs in this activity. We handle a range of facilities that require different types of attention, including schools, cafeterias, factories, hospitals and office parks.

Energy Management

Our energy services encompass the thermal and electrical energy supply, management and maintenance of systems for summer thermal regulation, heating, ventilation, and air conditioning (HVAC) systems, climate control in buildings, cogeneration plants for thermal and electrical energy production, and various electrical systems. Additionally, we are involved in the design, procurement, and installation of systems aimed at enhancing building energy efficiency. We operate our Energy Management business under three models:

Energy Management, which includes energy supply and management, particularly during the summer season, as well as the operation and maintenance of plants to ensure efficient energy use;

Energy Management with Requalification Works, which adds system requalification to the energy supply, management, and plant operation and maintenance, installing systems aimed at improving heating, cooling, and overall energy efficiency in plants to enhance performance and reduce energy consumption; and

Comprehensive Model, which includes Energy Management, Requalification Works, and Project Financing, utilizing a special purpose vehicle to carry out all project-related investments.

Some of our contracts in the Energy Management business are cost-based, meaning that increased commodity costs are passed through to the customer via recharging mechanisms. The vast majority of our contracts in this

business are commodity-indexed, which means that all or a percentage of the revenues are linked to cost dynamics, using indices like ARERA and ISTAT to track commodity costs. A minimal percentage of our contracts are forfait, meaning that revenues are predetermined and not related to costs incurred, although certain contracts might be indexed to inflation.

As of January 1, 2025, following a recent reorganization, these services are provided by our subsidiary, Teckal. See "*Summary—Recent Developments*."

Catering

In Poland, Rekeep Polska primarily provides catering services to public hospitals. In recent years, we have incurred capital expenditure to construct two central kitchens (or food processing plants): one in Gdańsk and another in Oświęcim, with the latter having a larger capacity. A third central kitchen in Koluszki is currently under construction and is expected to become operational in 2026, with a production capacity exceeding that of the first two. Technological advancements, such as Cook&Chill, enhance meal quality and operational efficiency by preparing, chilling and reheating meals, which helps improve food safety, reduce waste, and lower costs. With these three central kitchens (or food processing plants), Rekeep Polska aims to cover and provide services across the entirety of Poland.

Maintenance and construction

Our services encompass the maintenance of building structure, systems for summer thermal regulation, heating, ventilation, and air conditioning (HVAC) systems, climate control in buildings, fire protection system systems and various electrical systems. Additionally, we are involved in the design, procurement and installation of plants, as well as the refurbishment of buildings with civil works. We operate our maintenance and construction business under four models: (i) Maintenance Services, which includes the operation and maintenance of buildings and plants; (ii) Construction Works, which includes building and plant refurbishment; (iii) Maintenance Services with Construction Works, which adds refurbishment of building and plants; and (iv) Comprehensive Model, which includes Maintenance Services, Refurbishment Works under Project Financing structure, utilizing a special purpose vehicle to carry out all project-related investments.

Other facility management services

We also offer the following other facility management services.

- *Auxiliary services*: Auxiliary services comprises certain outsourced services we provide, including internal mail-room, doorman and reception services. These services are geared towards our private sector clients.

- *Digital services:* Our digital services offering includes the following: (i) digitization and transformation of business processes through third-party and proprietary software development; (ii) outsourced IT services such as hardware rental, printer management, remote desktop management, application rollout and management, system integration, and network and infrastructure management; (iii) customer care centers, call centers, operation centers, and IT help desks to ensure the efficient management of communications, interventions, and resource coordination; and (iv) document management through digitization, archiving, and storage of customer documents.

- *Logistical services*: Logistical services handle pharmaceutical logistics, medical/surgical device management, transport and handling of biological/biohazard material and laboratory samples as well as specialized transportation and care of patients. We also provide goods handling and point-of-sale support services for the large-scale retail sector.

- *Landscaping services*: Landscaping services comprise a suite of services for the design, creation and maintenance of outdoor spaces, including gardens, green spaces, riverfronts and beachfronts, street furniture for municipalities, healthcare services providers and private sector entities. Within this service area, we also offer to our public sector entity customers a series of interdisciplinary interventions relating to the redevelopment of urban areas (urban renewal). Finally, we provide botanical census-taking and prepare maintenance plans based on geographical information systems.

Laundering and Sterilization Segment

Our Laundering and Sterilization Segment focuses on the healthcare segment of the Italian laundering and sterilization segment, which is the largest segment within such market. In Italy, we provide these services through

Servizi Ospedalieri (and its subsidiaries), and they mainly involve the following activities: (i) rental and industrial laundering of bed linens, packaged linen and mattress provider (linen rental and industrial laundering); (ii) sterilization of linen; and (iii) sterilization of surgical equipment. In Poland, we provide laundering and sterilization services through Ster-med sp. Z o.o, a Polish company active in the field of sterilization of surgical instruments in healthcare, which was acquired by Rekeep Polska in 2023.

For the twelve months ended September 30, 2024, our Laundering and Sterilization Segment generated revenue of €149.9 million, EBITDA of €27.9 million and Adjusted EBITDA of €27.9 million.

We provide Laundering and Sterilization services under four categories:

- *laundering of linens*: We provide washing of flat linen, ready-made linen, uniforms, patient gowns, mattresses and accessories which we lease to our healthcare customers;

- *sterilization of linens and surgical fabrics*: We provide washing and sterilization of linens used in operating rooms and reusable surgical fabrics which we lease to our healthcare customers;

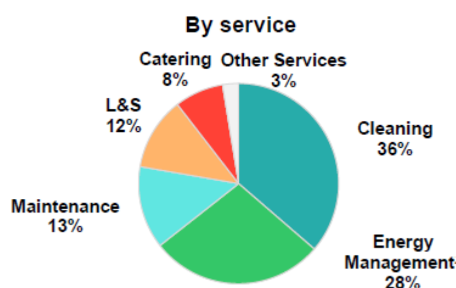
- *sterilization of surgical instruments and production and preparation of surgical kits:* We provide washing and sterilization of surgical instruments and we also produce and prepare sealed surgical kits containing tools and other accoutrements for medical professionals; and

- *provision of disposable surgical kits:* We provide disposable surgical kits, drapes, gowns, and other disposable devices. Through our subsidiary U.Jet S.r.l., we provide non-woven fabric devices as well as the packaging and composition of disposable surgical kits, while through Medical Device, we provide disposable kits containing all the devices needed to support the healthcare team in performing surgical procedures.

We carry out the sterilization of surgical instruments in Italy at 25 sterilization plants which we manage within hospitals, as well as at three sterilization plants directly operated by us. Sterilization of linens, surgical fabrics, disposable surgical kits, and laundry of linen are carried out in Italy at our facilities, which include four sterilization centers for linens and surgical fabrics and three sterilization centers for disposable surgical kits, one of which is located in Romania.

Our Laundering and Sterilization Segment activities also provides logistical services that are related to laundering and sterilization activities. For example, we manage the collection of used linens and the subsequent distribution of clean linens at our healthcare customers' premises. In cases where we perform laundering services at one of our four directly managed laundering centers, we are responsible for the transport of the clean and used linens from our facilities to customer sites. With respect to sterilization services, we sterilize linens and surgical fabrics and surgical instruments and surgical kits in compliance with industry standards and government hygiene and sanitary regulations.

The below chart represents the splits by total revenues (excluding intra-group eliminations) of our services for the twelve months ended September 30, 2024.



Revenues split by service is derived from management estimates, is not part of our Financial Statements or our accounting records, and has not been audited or otherwise reviewed by outside auditors, consultants or experts.

Our business model and service delivery

We have structured our operations to create a cross-functional and market-oriented system that we believe achieves the full integration of our departments and the coordination of our business operations division. We

believe this allows us to deliver integrated services and provide our customers with seamless assistance across our activities, in order to effectively follow through our key objectives of strengthening relationships with customers and enhancing their satisfaction and retention.

Business model

Facility Management Segment

Our business operations division incorporates the following principal departments of the Group that manage customer relationships: (i) operative purchasing, which includes the implementation of our "make" approach ("**Operative Purchasing**"), (ii) sales & marketing, which includes monitoring the market, identifying opportunities and selecting tenders ("**Sales & Marketing**"), and (iii) design & proposal, which includes preliminary feasibility analysis, designing of services and operations, technical and financial analysis, planning, control and initial phases of our operations and our ongoing service delivery, quality control and operational management ("**Design & Proposal**").

Our value chain can be broken down into three main phases: (1) implementing our "make" approach by delivering customized solutions, (2) monitoring the market, identifying opportunities and selecting tenders in which to participate, and (3) identifying, organizing and delivering our services while assisting the customer throughout the implementation.

The first and second phases primarily involve the Operative Purchasing and the Sales & Marketing departments. By actively cultivating the synergies between these two departments, which communicate with each other through specific inter-departmental committees that meet weekly or more frequently, as required, we are able to select the tenders in which we wish to participate both in terms of our ability to meet the requirements and the associated economic feasibility and benefits.

The third phase (subsequent to the awarding of a contract) consists of the actual service delivery and is performed by our Design & Proposal department. This department coordinates, takes operational control and monitors results throughout the phases of a project's lifecycle. This process enables us to monitor the quality of services rendered to promote customer satisfaction and then implement any corrective action that is required. The start-up sub-department is engaged as soon as we win tenders and initiate the operating procedures while the service management sub-department (with personnel spread throughout Italy in different areas with profit and loss responsibilities) is responsible for service delivery, service management, service optimization and account management.

Laundering and Sterilization Segment

Our Laundering and Sterilization Segment value chain differs slightly from the value chain of our Facility Management Segment. Laundering and Sterilization activities include all of the phases presented above for the Facility Management Segment (including a start-up phase that takes place upon receipt of a public tender to provide such services at a new location) and, in addition, a production phase, carried out either in our facilities or within the premises of our customers. The production phase comprises the pick-up of items to be laundered and/or sterilized and the industrial laundering and/or sterilization cycle followed by reconsignment (delivery/distribution and inventory management).

Service delivery

Depending on the type of service that we provide, the location, the personnel requirements and the type of customer, we deliver our services through the group companies listed below, either directly or on a subcontracting basis, on behalf of the client-facing entity (typically the entity awarded the relevant contract pursuant to the public tender or private sector agreement). Below is a brief representation of the internal organization by services and legal entities of our Group**:**

- **Facility Management - Domestic**
    - <u>Rekeep & CMF</u>
        - *Rekeep*: integrated facility management for PSEs and healthcare customers as well as cleaning, facility management services provided to rail industry customers and other private sector customers; and

- *Consorzio Stabile CMF*: integrated facility management for PSEs as well as cleaning and facility management services provided to rail industry customers and other private sector customers. The Consorzio Stabile CMF was established on January 9, 2019, as a permanent consortium (*consorzio stabile*), a contractual joint enterprise granted with legal personality in accordance with article 2603 et seq. of the Italian Civil Code and article 67 of the Code on Public Procurement permitting various entities to pool resources and participate in public tenders. We own 99% of Consorzio Stabile CMF through the following companies: approximately 10% Rekeep, approximately 30% Servizi Ospedalieri, approximately 30% H2H Facility Solutions, approximately 20% H2H Digital Solutions and approximately 9% Teckal. Other group entities and third party partners of the Group own the remaining 1%. According to the Code on Public Procurement, permanent consortia execute the public tenders won by them directly or through sub-contracting (including to their consortia members), though the permanent consortium remains joint and severally liable for the actions of its subcontractors vis-à-vis the awarding PSE.

- H2H

  - *H2H Facility Solutions and H2H Cleaning*: facility management for private sector customers;

  - *H2H Digital Solutions (previously Rekeep Digital)*: facility services in the field of applications, management and sourcing for private sector customers;

  - *H2H Document Solutions (previously Telepost)*: mailing and document management services for private sector customers;

- Teckal: Energy Management with energy supply and retrofitting services primarily to public administration entities. These services, which were previously carried out by Rekeep and Consorzio Stabile CMF, are now provided by our subsidiary, Teckal, as a result of the business reorganization that occurred on January 1, 2025. See "*Summary—Recent Developments*."

- **Facility Management - International**

  Internationally, we typically deliver our services through dedicated local subsidiaries, which offer the following services:

  - *Rekeep Polska*: integrated Facility Management for PSEs and healthcare customers, well positioned in the healthcare market for catering and cleaning services, in addition to security, medical transport and Laundering and Sterilization services in Poland;

  - *Rekeep France*: cleaning Facility Management services mainly in the healthcare and transportation sector;

  - *Rekeep Saudi Arabia*: Facility Management services, particularly technical and cleaning services; and

  - *EOS*: Laundering and Sterilization services on the premises of our healthcare customers in Turkey.

- **Laundering and Sterilization**

  The following are the main entities of the Group involved in Laundering and Sterilization and their respective services:

  - Servizi Ospedalieri: laundering and sterilization for healthcare customers;

  - Medical Device S.r.l: production of procedural kits for surgical procedures; and

  - U.Jet S.r.l.: production of non-woven fabric (TNT) devices primarily aimed at the healthcare market, as well as in the packaging and assembly of disposable fabric surgical kits, which are also intended for the healthcare market.

Our departments

The following is a brief description of some of our departments and how they interact with each other to effectively put in place our cross-functional and market-oriented system.

Operative Purchasing

Our Operative Purchasing department has a key role as it implements and delivers customized solutions to our customers' facility management or laundering and sterilization needs by becoming a preferred multi-service provider. We benefit from significant in-house expertise and resources and refer to this self-contained ability to implement our business plan in support of our customers' objectives as a "make" rather than a "buy" approach, which we believe constitutes a key competitive advantage for us.

In particular, this department is responsible for (i) preparing and dealing with purchasing orders to suppliers, (ii) retaining and assigning the right professionals for the provision of services, and (iii) ensuring that the latter perform seamlessly and effectively in order to specifically address the peculiar needs of our customers.

Sales & Marketing

The Sales & Marketing department combines, in a single department and by geographical area, activities regarding new clients and our existing order book. The focus of the Sales & Marketing department is to prepare and execute our participation in tenders by healthcare customers, PSEs and large and medium sized private sector customers. Given the high volume and value amount of business we currently undertake with PSEs and healthcare customers, such customers are currently the predominant focus of this department.

The Sales & Marketing department has developed a network of contacts across Italy and is active in our international operations. It focuses mostly on large entities, such as municipalities of cities with more than 20,000 inhabitants, provinces, regions, healthcare facilities (more than 300 healthcare customers with more than 500 hospitals serviced in Europe, covering approximately 80% of the largest Italian hospitals, ranked by the number of beds), homes for the elderly, the national, regional and provincial procurement centers (CONSIP, Intercenter, *Soggetti aggregatori Regionali, Unioni di Comuni, Città Metropolitane* and others), and medium-sized and large private businesses.

Further objectives of the Sales & Marketing department include market monitoring through a commercial database that is maintained and regularly updated by Sales & Marketing department. This database is created through a coordinated series of data collection initiatives, including periodic visits to existing and potential customers. Other teams within the department analyze competitor activities, review technical reports submitted during bidding processes and publicly available corporate documents (such as financial statements), and monitor new services introduced by competitors.

Legal Business and Tender Department

Our Legal Business and Tender department's activities are as follows:

- Our Legal Business Office supports the proposal process through the analysis of tender documents, contracts, and administrative documents, ensuring that we manage the tender in compliance with regulatory requirements. During service delivery, the Legal Business Office assists our Operative Purchasing department in the event of claims with clients or third parties.

- Our Tender Office analyzes the RFPs reported by the market, submitting to the Sales & Marketing department the opportunities aligned with the Issuer's market strategy. The Tender Office is responsible for managing the information system, administering the procurement process, and ensuring compliance with regulations and procedures in public tenders. It facilitates the proper flow of information among our operational departments involved in the process. Furthermore, the Tender Office supervises the collection, preparation, and updating of administrative documentation needed to participate in the relevant tenders.

Design & Proposal

Based on reports prepared by the Sales & Marketing department, the Design & Proposal department determines whether it is worthwhile for us to participate in a tender, and if so, it drafts the designs, assesses the technical proposals and prepares the detailed technical and financial analysis.

We divide our Design & Proposal department's activities in the following four phases:

- *Preliminary feasibility analysis*. The department carries out a preliminary economic assessment, based on our reference parameters, to support the Sales & Marketing department in deciding whether to participate in specific tenders.

- *Design, services and works*. The department drafts designs for services relevant to public tenders and formulates the designs to redevelop plant engineering systems and/or buildings.

- *Technical and financial analysis*. The department considers the costs necessary to deliver the services as designed and monitors that these services are consistent with those requested by the client. It includes an analysis of the specific offers of suppliers selected by the purchasing and logistics department.

- *Issue order*. The department, when we are awarded a contract, issues order documentation to the competent company departments, including the design and the establishment of the order's financial objectives.

Another objective of the Design & Proposal department is to develop and implement the information system required to support company management in controlling, planning, optimizing, and innovating processes related to service delivery. Additionally, the department focuses on integrating company activities during the startup phase.

The Design & Proposal department is organized to provide (i) procedures and systems necessary to support the creation of final accounting reports and economic objectives, and (ii) operative benchmarks (*indicatori operativi*) to evaluate progress. It also operates a project team to implement (i) organizational and operational projects, which resolve critical issues encountered in the start-up or to intervene directly in specific operational areas whenever the order complexity requires this, and (ii) testing projects related to new products and/or procedures.

We divide order management undertaken by our operational departments into three main phases: (1) start-up, (2) regular management and (3) reconsignment. The phases vary depending on the type of services delivered. With respect to laundering and sterilization services, some activities listed below are performed directly by our individual facilities located around Italy.

- *Start-up (Facility Management Segment)*. The start-up phase begins with the award of the tender and the delivery of the service and concludes when the process of producing the computerized registry has been completed. During start-up, the following activities take place: (i) activation of the contact center (as described under "—*Customer Care*"); (ii) receipt of the property to which the job order relates; (iii) instruction of the teams assigned to produce and manage the computerized registry and the procurement of technical and administrative documentation; (iv) verification with the client of the work/ maintenance plan proposed; (v) initiation of operating procedures; and (vi) presentation of the final plan for modifications to meet regulations and redevelopment work, if required.

- *Regular management (Facility Management Segment and Laundering and Sterilization Segment)*. The regular management phase begins with the completion of the computerized registry and lasts until the delivery of the relevant service has been terminated or completed. During this phase, the following activities, among others, are carried out: (i) critical analysis and updating of data obtained from the surveys conducted in the preliminary phase; (ii) updating work and maintenance plans based on specific client requests; (iii) continuous monitoring of feedback from users and the job performance control system; (iv) updating managerial strategies; (v) coordinating operations personnel; and (vi) managing the relationship with the customer. It is in this particular phase that we believe we are able to deliver value to our customers providing services that balance both customer satisfaction and profitability. We achieve this by managing our workforce to optimize workload and productivity. A Service Manager is assigned to each order for monitoring service execution in terms of costs and customer needs. A Key Account Manager is assigned to each single customer for building and maintaining a successful customer relationship and, ideally, increasing customer value by originating new service contracts or enlarging the scope of services/buildings to be managed (mainly with private sector customers). The Key Account Manager also evaluates customer feedback to increase the Group's knowledge for driving contract renewal.

- *Reconsignment*. The reconsignment phase begins with the termination of service delivery and ends with the reconsignment of the services that the Group provided to the customer.

Production

The Production department is only relevant to our Laundering and Sterilization Segment and includes the production cycle related to the laundering and sterilization phases which occurs in our 45 laundering and sterilization plants in Italy and three plants in Turkey. The production phase includes also ancillary activities to the laundering and sterilization, such as the pick-up and reconsignment of the items to be laundered or sterilized, consisting in managing the pick-up and reconsignment of the items at the various sites of our healthcare customers,

transporting them to and from one of the centers operated by our Laundering and Sterilization Segment in Italy discussed under "*—Real estate and equipment—Real estate*." In Poland and Turkey, we operate the laundering and sterilization sites directly within the premises of the relevant healthcare customer.

In January 2025, we reorganized our internal departments, as follows:

- Offices reporting to the Executive Chairman of the Issuer, Claudio Levorato: Administration & Tax Department; Corporate Services Management; Risk & Compliance Office; IT & Digital Department; Finance, Planning & Control Department; Corporate Legal; Communication; International Business Department; Procurement; HR & Organization Departments; Company Affairs.

- Business departments led by our General Manager, Alessandro Miuccio, reporting to our CEO, Giuliano di Bernardo: HR Management & Industry Relations, Account, Business Control, Sales & Marketing Department, Back Office, IT & BIM Service, Business Legal & Tender, Operations, and Design and Proposal.

- Our Innovation & ESG Department, reporting to the Director of the Issuer, Stefano Donati.

Our industries and building types of focus

In order to better organize our service delivery and develop solutions that are appropriate for each industry sector and type of building circumstances and unique facility management needs, we have established industry working groups in order to share best practices, cultivate expertise and drive contract wins. Cross-country collaborations are promoted through dedicated "integration teams" to capitalize on existing know-how and share expertise where needed.

We are organized through the following industry working groups, and we provide to each relevant industry the services described below.

- *Hospitals and healthcare facilities*. We provide integrated facility management to hospitals, healthcare facilities, clinics and ambulatory care facilities including cleaning, healthcare logistics, internal logistics, reception and door keeping, document management and mailing and IT solutions. We also provide laundering and sterilization for healthcare customers and, to a lesser extent, energy upgrading, plant maintenance and building maintenance for hospitals and healthcare facilities.

- *Offices and business centers*. We provide integrated facility management services to offices and business centers, delivering cleaning, reception and door keeping, document management and mailing and IT solutions and, to a lesser extent, energy upgrading, plant maintenance and building maintenance.

- *Schools*. We provide cleaning and IT solutions to schools and other institutions of learning and, to a lesser extent, energy upgrading, plant maintenance and building maintenance.

- *Museums and libraries.* We provide cleaning, reception and door keeping and IT solutions services to museums, libraries and other cultural institutions. Additionally, we provide certain other technical and operational services, such as energy upgrading, plant maintenance and building maintenance.

- *Sports facilities.* We have ample experience in providing daily services to sports facilities, both large and small to prepare them to receive athletes and spectators. Our main services are cleaning and IT solutions and, to a lesser extent, energy upgrading, plaint maintenance and building and grounds maintenance.

- *Retail outlets and large-scale retail trade.* We provide cleaning, logistics, handling, building maintenance and IT solutions to a number of nationwide points of sale networks throughout Italy.

- *Warehouses and logistics centers*. We provide building maintenance and cleaning services to a number of sites throughout Italy.

- *Transport and infrastructure.* We have integrated experience in the transport sector, providing services ranging from cleaning to maintenance, with particular expertise in rail transport. We also provide services to passengers via management of on-board services.

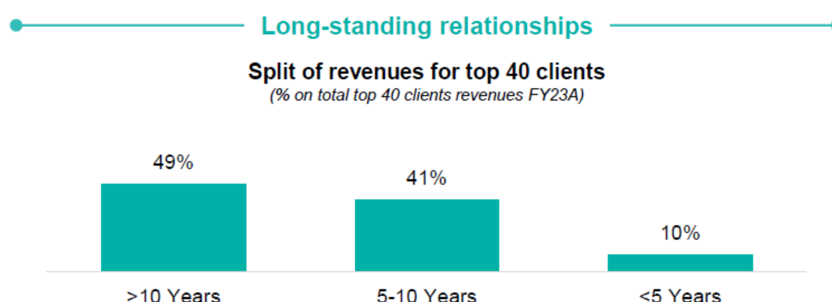
- *Hotels.* Hotels are a growing industry for customers of our Laundering and Sterilization Segment where we can utilize our expertise to provide hotels with an outsourced partner.

- *Urban space.* We manage common green areas, public lighting and traffic light systems, provide road maintenance and signage upkeep and integrated urban facility management from day-to-day and emergency interventions.

Customers and contracts

We are a service provider for a diverse base of healthcare (public and private) customers, PSEs and private sector customers with whom we have long-term relationships. We categorize our customers in this fashion because our experience indicates that each category places different priorities on the services they outsource and we therefore tailor our services, pricing, technical specifications and customer care accordingly.

For the year ended December 31, 2023, our top forty customers accounted for approximately 45% of our total revenue. The chart below illustrates our long-term relationships with these customers by providing a breakdown of the average length of these relationships.



For the twelve months ended September 30, 2024, healthcare customers, PSEs, and private sector customers accounted for approximately 64.4%, 18.2% and 17.4% of our revenue, respectively. Our business relationships with our PSE and healthcare customers are usually formed by participating in public tenders. We possess unique in-depth knowledge of the complex Italian public tender requirements to which we dedicate a team of specialists across our Facility Management Segment and Laundering and Sterilization Segment. Our total win rate was 35%, 37 %, 35% and 31% for the year ended December 31, 2021, 2022 and 2023 and the nine months ended September 30, 2024, respectively.

We believe our capacity to offer a wide range of integrated services represents a significant opportunity for our customers, who can rely on a single supplier that can efficiently satisfy many of their needs, without compromising the quality of the services rendered. We believe our proposals for integrated services tend to be more cost-efficient for our customers than using individual services provided by a range of suppliers. In addition, we believe our integrated services tend to produce increased customer loyalty, which provides us with an important competitive advantage.

The following sections briefly describe our customer base by category and the types of contracts we typically conclude with them.

PSEs and healthcare customers

We are an interdisciplinary service provider and partner to a variety of PSEs and healthcare customers. We offer streamlined and customized solutions enabling PSEs and healthcare customers to concentrate more resources and attention on their "core functions" such as, citizen services, city administration, healthcare activities and furtherance of the general interest. We strive to fully interface with our PSE and healthcare customers' departments, employees and operations to provide essential services and serve as careful custodians of the citizens' assets entrusted to us.

We provide a variety of services to PSEs and healthcare customers in Italy from technical services, cleaning of offices and public buildings and managing on-site sterilization facilities.

The table below sets forth certain examples of PSE and healthcare customers along with the type of service(s) provided.

Selected PSE and Healthcare Customers	Type of service(s) provided
Italy	

ER.GO (Regional Organization for the Right to Higher Education)....	Technical services, Cleaning, Landscaping, Auxiliary services
Municipality of Bologna	Landscaping, Cleaning, Energy and HVAC management
Legnano Community Hospital	Technical services; Energy and HVAC management
Azienda Ospedaliera Senese	Laundering and sterilization of surgical instruments and preparation of surgical kits
APSS Trento (Province of Trento Community hospital)	Laundering, Cleaning
A.T.M. Milan Public Transportation	Cleaning, Technical services
Valduce Hospital, Como (Private hospital institution)	Technical services, Digital services
Piemonte Region	Digital services
International	
University Clinical Centre of Warsaw (Poland)	Cleaning and Catering
University Hospital Dr. Antoni Jurasz of Bydgoszcz (Poland)	Cleaning and Catering
Krakowski Szpital (Poland)	Cleaning and Catering
Société Nationale SNCF (France)	Cleaning
RATP (France)	Cleaning
AP-HP Hospital (France)	Cleaning

PSE and healthcare customer contracts

According to Italian law, supply, works and services contracts between PSEs and healthcare customers and contractors, suppliers, or service providers such as ourselves, are governed by, *inter alia*, the Italian Public Tender Laws, though PSEs and healthcare customers may, under certain conditions, derogate from certain provisions thereunder. Italian Public Tender Laws generally require that such contracts with PSEs and healthcare customers not be automatically renewable and must be put to public tender through a transparent bidding process. See "—*Regulation*."

In the context of public tenders, contracts are usually awarded by taking into consideration either quality and price or just price.

Our contractual and fee arrangements with PSEs and healthcare customers vary according to the terms of the relevant public tender. The Group participates alone in such tenders or we bid in conjunction with partners (either private sector businesses or cooperatives) pursuant to TJAs. TJAs are governed by a framework agreement which regulates the delivery of services by and among the TJA participants. We render services within the context of a TJA on a non-exclusive basis; therefore, the partner organizations can also subcontract service to third parties. In our experience, TJAs allow us to invoice our PSE and/or healthcare customers directly for the services we perform.

Our contracts with Italian PSEs have an average duration of 3.9 years, whereas for healthcare customers, the average duration is 4.4 years, and for our private customers, it is between one and three years (often with automatic renewal clauses). The contracts' average duration term is calculated on the weighted average formula (annual value) taking into consideration contracts entered into in the years ended December 31, 2021, 2022, 2023 and the nine months ended September 30, 2024 (including both portfolio renewals and new business). See "*Management's discussion and analysis of financial condition and results of operations—Principal factors affecting our results of operations—Trade receivables*." The duration of our international contracts tends to vary according to the type of PSE and the prevailing market practice in the relevant country. For instance, in the Polish healthcare sector, contracts tend to have an average duration of 2 to 2.5 years while in France the average duration is four to five years.

As to our contracts' structure, the contractor, upon the awarding of the tender, enters into a framework agreement under which to provide the services at the agreed general terms and conditions and based on a set maximum amount (i.e. "plafond"). The contractor then enters into individual contracts with the relevant PSEs for the provision of the services according to the framework agreement. See "—*Regulation*" for more discussion. Pursuant to the spending review, healthcare customer contracts, in particular, may be subject to modification. If prices under current contracts for certain products and services are more expensive than reference prices (*prezzi di riferimento*) set by ANAC and utilized by CONSIP, healthcare customers can renegotiate or terminate the relevant contract with no liability for the contractor's damages. However, the Code on Public Procurement introduced the general principle of preservation of contractual balance (*principio di conservazione dell'equilibrio contrattuale*). Pursuant to such principle, the contractual terms shall be renegotiated every time extraordinary and unforeseeable circumstances – having the effect of altering the original contractual balance beyond the ordinary market risk – arise. For further details see "*Business – Regulation – Cost overruns and adjustments*." See also "*Risk factors—Risks related to our business—Our business could be adversely affected by the central role of*

centralized purchasing agencies in public procurement with regards to setting economic terms for our services or by ongoing initiatives to reform decentralization in Italy."

Private sector customers

Our activities offer a range of services and solutions to private sector customers. We provide our services also in the recently joined "business to consumer" market, where we have developed software application for home delivery of cleaning, electricity, air conditioning systems, security systems and other services. However, we focus on competing for contracts with large multi-site private sector customers and strive to provide solutions by assuming responsibility of such customers' secondary operational processes. Our value proposition to our large private sector customers encompasses efficient, integrated facility management solutions that are responsive to our customer's needs and attuned with modern sensitivities related to sustainability and energy savings, thereby generating additional value for our customers. We strive to forge long-term relationships with our private sector customers.

The table below sets forth certain examples of private sector customers along with the type of service(s) provided.

Selected private sector customers	Type of service(s) provided
Italy	
Wind Telecomunicazioni S.p.A.	Integrated facility
Nuovo Trasporto Viaggiatori S.p.A	Cleaning
Amazon Italia Logistica S.r.l.	Maintenance and Cleaning
Carrefour Italia (GS S.P.A.)	Cleaning and Handling
International	
Animex foods (Poland)	Cleaning
Solitaire Mall (Saudi)	Integrated facility

Private sector contracts

Our contracts with private sector customers are similar to our contracts with PSEs and healthcare customers, however, in general, the terms are more flexible and can be adapted to the specific private customer's needs. Our agreements are generally evidenced by multi-year written contracts to provide a schedule of services related to specified assets. Our Italian private sector contracts have an average duration of 1.8 years, calculated on the weighted average formula (annual value) taking into consideration contracts entered into in the years ended December 31, 2021, 2022 and 2023 and the nine months ended September 30, 2024 (including both portfolio renewals and new business). Many contracts with private sector customers are renewable, either automatically or upon consent of both parties. We are typically paid a flat annual fee that can be adjusted for extraordinary maintenance or special service intervention requests. In certain cases, we invoice monthly depending on the services we provide. Our contracts typically require us to provide regular written reports to our customers regarding the services and interventions we have delivered. With respect to disputes, our contractual arrangements generally include penalties if we fail to fulfill our obligations, and they require us to indemnify the customer for any damages sustained. We typically post performance bonds or other security with large private sector customers because of the sensitivity of the assets we maintain and manage. Contracts with private sector customers can be terminated under certain circumstances, including at discretion of the customer or upon our default thereunder. In certain instances, we subcontract certain specialized services to third parties.

Backlog

Many of the service contracts we conclude with customers include service delivery and other interventions that span several financial years. We therefore use the measurement of backlog as a significant performance indicator for our business. Backlog serves to measure the total euro value of work to be performed on contracts awarded in progress and signing of new customers. As of September 30, 2024, our backlog totaled €2.7 billion, which represents a 15.9% decrease compared to the value recorded as of December 31, 2023 (€3.1 billion).

Our backlog has been affected by recent market challenges. Specifically, we experienced a reduction in the number of tenders in Italy we participated in from 2021 to 2022. The number of tenders decreased from 124 in September 2021 to 76 in September 2022, with the volume of tenders we participated in dropping from €2,778 million to €692 million over the same period. Our pipeline also decreased from 104 in September 2021 to 71 in September 2022, with volumes declining from €1,291 million to €614 million. This was due to structural changes, such as the introduction of a new Italian Public Tender Code, which requires more time to review requirements and issue tenders, along with more stringent regulations and an increase in administrative disputes, have added to market challenges. Additionally, the number of CONSIP tenders has been significantly lower and Rekeep began

prioritizing more profitable energy management tenders over traditional facility management tenders. However, we have observed a rebound post-2022 lows, both in terms of the number and volume of tenders we participated in and our pipeline. In the nine months ended September 30, 2024, we had participated in 91 tenders, an increase from 76 in the same period in 2022, with a total volume of €1,352 million, up from €692 million in 2022. Despite this rebound, the new tenders we have won require 1-2 years before converting into signed contracts, so our backlog does not yet reflect the increased tenders and pipeline. We expect to refocus on traditional facility management tenders which have always been our core business, rebalance our portfolio following an oversized exposure to energy management, and increase tender participation by targeting smaller tenders as well.

Our backlog consists principally of services and projects for which we have signed contracts and in respect of which we have received binding commitments from customers or other operations within our subsidiaries on a consolidated basis. Backlog projects are associated with service contracts in both our Facility Management Segment and Laundering and Sterilization Segment. As of September 30, 2024, approximately 79% of our backlog related to contracts with healthcare customers, approximately 15% related to contracts with PSE customers and approximately 6% related to contracts with private sector customers.

The Issuer, Servizi Ospedalieri, Consorzio Stabile CMF, and Rekeep Polska hold the contracts comprising the majority of our backlog, with, respectively, approximately 68%, 11%, 9% and 9% of our backlog as of September 30, 2024.

We have adopted the following criteria for including contracts in our backlog:

- we include the present value on the reference date of the assumed revenue that is expected to be received during the life of the contract;
- in the case of TJA structures, we include the relative percentage of revenue attributable to the Group; and
- we include only revenue for services or projects that are required by the applicable contract (as a result, we do not consider revenue from services which are additional to those performed under the contract).

Backlog is not an audited measure. Our backlog fluctuates on a quarter-to-quarter basis due to the signing of new contracts, more of which have historically tended to be executed as the year progresses as customers make purchases under their capital budgets, as well as the pace of execution of existing contracts. As a result of the changes in our backlog, whether due to the signing of new contracts or commitments, the pace of execution of our contracts or otherwise, our results of operations for certain of the financial periods discussed in this Offering Memorandum may not be directly comparable with our results of operations for other financial periods discussed herein or future financial periods. See "*Risk factors—Risks related to our business—Our backlog is subject to unexpected adjustments and service contract terminations and is, therefore, an uncertain indicator of future earnings*" and "*Management's discussion and analysis of financial condition and results of operations—Principal factors affecting our results of operations—Increased outsourcing of facility management and growing backlog.*"

Customer care

Coordination between our various departments depends on an information system that is a key strategic element of the Group's capabilities; the information system enables the different departments within our Group to offer customers integrated and seamless services. The following paragraphs briefly describe the key components of our information system.

Computerized registry

The Group carries out—where required for the type of service and for its delivery—an assessment of the location and condition of properties and facilities. For this reason, we have departments that specialize in detailed appraisal of the assets relating to the order both within the Sales & Marketing department and in the Design & Proposal department. Depending on the phase of the value chain, the appraisal may form the basis of the preliminary evaluation conducted by the Sales & Marketing department or it may be conducted by the Design & Proposal department when delivering the service. In both cases, the information gathered by one or by both departments will be entered into a computerized registry.

Planning

Once an entry in the registry has been created, we arrange the program of interventions and services which must be performed. We use specific procedures which are updated periodically based on the results of our operational reports. We then program the scheduling of operations and activities.

The contact center

Our Facility Management Segment not only manages and guarantees scheduled services but also performs services "on demand" upon request of the relevant customer. The customer is given a dedicated toll-free number for each specific project and may send messages by telephone, internet, fax or e-mail. The contact center can also receive and manage messages automatically from systems located at facilities.

Purchasing and subcontracting

We purchase the following on behalf of our consumers:

- fuel (for the Energy the Energy Management business), with respect to which, most contracts are commodity-indexed, linking revenues to cost dynamics, while some are cost-based or forfait, with predetermined revenues. See "*—Our services—Facility Management—Energy Management.*";

  As a result of the crisis in Ukraine and the subsequent increase in energy prices, we have received certain subsidies to offset the rise in energy costs (electricity and gas) in the form of tax credits granted under the Italian Decree Law no. 21 of 2022 (Conversion Law no. 51 of May 20, 2022). These subsidies amounted to €27.7 million and €17.7 million for the years ended December 31, 2022 and 2023, respectively; with a €0.5 million negative adjustment for the twelve months ended September 30, 2024.

- materials and goods for cleaning services (such as hand soap we furnish to our customers as part of our cleaning activities); and

- subcontract of third parties to provide certain services for our customers (for example pest control, catering, parking and security services).

See "*Management's discussion and analysis of financial condition and results of operations—Qualitative and quantitative disclosure of market risk—Commodity risk,*" *and* "*Management's discussion and analysis of financial condition and results of operations—Principal factors affecting our results of operations—Costs structure.*"

We typically manage procurement centrally using a supplier selection tool managed directly by the purchasing office. The need for suppliers with strong creditworthiness is balanced against the need for suppliers in proximity to the sites where we are required to deliver our services.

In the light of these requirements, we have implemented a system based on:

- each vendor filling out a card/questionnaire responding to an initial assessment (which takes into account both qualitative and quantitative parameters); and

- following the receipt of the goods/services we have purchased, we assess the supplier based on their performance and their responses to our original questionnaire's findings.

We seek to perform supplier selection consistently with the objectives set out by the Sales & Marketing department and can be carried out in a timely manner due to the information provided and the actual experience recorded by the Design & Proposal department through periodic assessments.

We believe we have access to adequate sources of the suppliers necessary to fulfill the services contracts we have concluded with our customers. The success of our business is not dependent upon any one supplier and none of the suppliers individually is material to the ongoing business of the Group.

Real estate and equipment

Real estate

We own our headquarters in Zola Predosa, four facilities are owned by Servizi Ospedalieri, two facilities are owned by U.Jet S.r.l., and one facility is owned by Medical Device. All our other facilities are leased pursuant to leases on customary, arm's length terms; in some cases we have entered into leases with MSC, our controlling shareholder (see "Certain relationships and related party transactions"). We believe that our facilities are in excellent condition and suitable for their intended use. We also believe that we have sufficient capacity to meet our obligations to our customers.

Facility Management Segment

Our Facility Management Segment presence in Italy is headquartered in Zola Predosa (Bologna) and maintains offices and branches throughout Italy to be close to our healthcare, PSE and private sector customers.

Rekeep Polska is headquartered in Łódź, Poland and its catering services coverage extends across the entire Polish territory through three central kitchens.

Our presence in Turkey consists of one laundering and two sterilization centers on site, inside the confines of the premises of certain healthcare customers.

Laundering and Sterilization Segment

Our Laundering and Sterilization Segment presence in Italy is headquartered in Ferrara and maintains a network of 45 laundering and/or sterilization centers on site, inside the confines of the premises of certain healthcare customers. Four of the centers are standalone laundering plants, four are sterilization centers for surgical fabrics and three are sterilization centers of surgical kits. Three other centers are standalone plants dedicated to the production of disposable surgical kits. "*Industry—The Italian facility management and laundering and sterilization segment—Overview of laundering and sterilization.*"

The table below shows the location of our seven standalone laundry plants and the relevant activities carried out in each of them.

	Laundering	Sterilization of surgical fabrics	Sterilization of surgical instruments and surgical kits	Sterilization of disposable surgical kits
Servizi Ospedalieri - Ferrara	✓	✓		
Servizi Ospedalieri - Lucca	✓	✓	✓	
Servizi Ospedalieri - Teramo	✓	✓	✓	
Servizi Ospedalieri - Marcellinara (CZ)	✓	✓	✓	
Medical Device – Montevarchi (AR)				✓
U.Jet S.r.l. – Bastia Umbria (PG)				✓
U.Jet S.r.l. - Romania				✓

Equipment

Several of our service offerings require specialized equipment and spare parts. In addition, staying abreast of the next generation of technical equipment, for example in advanced microfibers and microchip tracing used for fabrics employed in medical settings, helps us provide value to our customers. For fixtures and equipment that we install or place on our customers' premises, for example traffic signaling devices and fire extinguishers, the customer purchases such equipment from us. In other cases, where we must utilize particular equipment in order to render our services, for example, in connection with HVAC management, we own or lease the relevant equipment. We believe our equipment stock is in excellent condition and suitable for the purposes for which such equipment is being used. In addition, we believe we have sufficient equipment capacity to meet our obligations to our customers.

Environment and sustainable development; Risk management

Overview

Our commitment to sustainability is underpinned by our corporate social responsibility, and is integrated into our business strategy, as we are committed to operating our business while respecting social considerations and the environment. When designing and organizing our internal processes and systems, we strive to take into account their impact on the following stakeholders: our shareholders, our workers and employees, the communities in which we operate and the environment. The aforementioned principles have been incorporated in our Sustainability Policy, which was approved by the Board of Directors in 2024. As a result, all ESG (Environmental, Social, Governance) matters are addressed through a formal corporate governance structure that manages sustainability issues.

As part of the Group's commitment to serving people, buildings and cities in a sustainable manner, we have identified the ways in which our actions, activities and operations can contribute to the achievement of the United Nation's Sustainable Development Goals ("**SDGs**"). We have decided to focus our efforts on four areas: financial stability and dedication, human centric development, and integration and technology.

The following briefly sets forth our actions in furtherance of the SDGs according to the focus areas identified by our management.

- *Financial stability and dedication*: We seek to position the Group with a solid financial position, with the capital structure to carrying out its business objectives. We also seek to facilitate good communication with employees and other stakeholders, and responsibly maintain market share in Italy and expand internationally while maintaining and reinforcing internal control and business ethics;

- *Human centric development*: We seek to provide significant training opportunities to our employees and other stakeholders, including second language study and technical training, offer internal career advancement and progression opportunities, scholarship grants to the children of our employees and fund a range of summer camp activities for the children of our employees. We also provide a range of remote working options for our employees.

- *Integration and technology*: We seek to integrate technology and analytics into our tendering process and other operations in order to promote efficiency and cost-effectiveness of our work. We are also seeking to address new markets which are at the intersection of technology and the processes and places where we work,

Facility Management Segment

Our Facility Management Segment has adopted a risk assessment and monitoring organizational model suggested by LD 231 (as defined under "*—Regulation*") that includes detailed mapping of environmental impacts that such operations produce and we have appointed local area managers empowered to take actions to reduce our environmental impact and promote workplace safety. According to our management, the key environmental impact of our Facility Management Segment is energy consumption. We have taken the following steps to reduce energy consumption and promote energy efficiency (including making such recommendations to our customers for their facilities): installing low-energy lighting, adding more advanced installation and utilizing renewable energy sources. We regularly conduct training sessions for our staff in the areas of carbon and greenhouse gas emissions reduction and green procurement so that we can promote and foster a policy of sustainability.

Because of our yearly energy consumption in excess of certain thresholds set out by law, we must appoint an energy manager (the "**Energy Manager**") who sets defined strategic objectives in the field of energy efficiency and greenhouse gas reductions and monitors our progress, conducts environmental audits and holds our departments accountable for savings energy. Our Energy Manager also liaises with the Electric Gas and Water Authority (*Autorità per l'Energia Elettrica il Gas e il Sistema Idrico*) to demonstrate the results of our voluntary efforts to reduce energy consumption and obtain energy efficiency credits (*titoli di efficienza energetica*). Energy efficiency credits are so-called "white certificates" which we can then sell or trade within the Italian market set up for this purpose (*Gestore Mercati Energetici*).

Laundering and Sterilization

Our Laundering and Sterilization Segment has also adopted the risk assessment and monitoring organizational model suggested by LD 231 (as defined under "—*Regulation*."). According to our management, the key environmental impact of this segment is determined by water and energy consumption and the use of chemicals. As a result of the foregoing analysis, which is updated three times a year, we have taken steps to reduce our consumption of water and cleaning solutions through use of modern and efficient equipment. We also stock and propose to our customers cleaning products with the lowest environmental impact, for example carrying the "Ecolabel" certification.

Certifications

We have obtained and maintain a range of certifications because we value reducing our environmental impact and evidencing our environment, social and governance standards and internal controls.

The following presents a selection of our external certifications:

- the Issuer, Medical Device, U.Jet S.r.l., Servizi Ospedalieri, H2H Facility Solutions, H2H Cleaning, H2H Digital Solutions, H2H Document Solutions, Teckal, EOS, Rekeep Saudi, Rekeep Polska and Consorzio Stabile CMF have obtained ISO 9001 certification for their quality management systems;

- the Issuer, Teckal, Medical Device, Servizi Ospedalieri, H2H Facility Solutions, H2H Cleaning, H2H Document Solutionsy, Rekeep Polska, EOS and Consorzio Stabile CMF have obtained ISO 14001 for their environmental management

- The Issuer, Servizi Ospedalieri and Consorzio Stabile CMF have obtained ISO 50001 certification for their energy management systems;

- the Issuer, Teckal, Servizi Ospedalieri, H2H Cleaning, Rekeep Saudi, EOS, Rekeep Polska and Consorzio Stabile CMF have obtained ISO 45001 certification for their occupational health and safety management system; and

- H2H Digital Solutions have obtained ISO 18295 certification for Contact Centers.

Employees and labor arrangements

The following table shows a breakdown of our Group companies' employees by function as of the periods indicated:

	As of December 31,		As of September 30,	
(average numbers of employees)(1)	**2022**	**2023**	**2023**	**2024**
Managers	68	69	68	79
Office employees	1,741	1,777	1,775	1,792
Manual workers	24,939	23,877	23,872	23,244
Total	**26,748**	**25,723**	**25,715**	**25,114**

(1) The average number of employees for all periods in the table above includes the effects of the dispositions and acquisitions occurred in the relevant period.

As of September 30, 2024, we employed approximately 13,030 full-time equivalents in Italy and approximately 11,107 full-time equivalents in Poland via Rekeep Polska with the remainder in our other international markets, including Turkey, Saudi Arabia and France.

As of September 30, 2024, 41.2% of our employees in Italy were unionized. We consider our relations with employees, trade unions, and work councils to be good and we have not experienced any significant labor issues in the past three years.

For a discussion of the impact of labor costs on our results of operations, see "*Management's discussion and analysis of financial condition and results of operations—Principal factors affecting our results of operations—Costs structure*."

Transfer of employees

Our relationship with the majority of our employees in Italy is subject to collective bargaining agreements. In general, the collective bargaining agreements include terms that regulate remuneration, minimum salary, salary complements, extra time, benefits, bonuses and partial disability. As of September 30, 2024, 1,139 employees in Italy (approximately 84.3% of our total employees) were employed pursuant to CCNL Multiservizi, the collective bargaining agreement applicable to cleaning and facility management. In cases where one outsourced provider of cleaning and facility management is replaced by another and the terms, type or level of service of a new contract remain constant or are more intensive than that contemplated by the expiring or terminated contract (the "**parity principle**"), of the CCNL Multiservizi obliges the transfer of employees from the outgoing to the incoming contractor upon such expiration or termination. The parity principle applies to PSE and healthcare customer as well as private sector customer contracts. In our experience, the majority of contracts that we have won or lost have included the transfer of employees under the parity principle and we estimate that in any given year approximately one thousand employees transfer in and out of our Group due to contracts gained and lost. In our experience, the application of the parity principle does allow us to make certain adjustments to the number of working hours per week for the relevant workforce.

In cases where the terms, type or level of service of a new contract are less intensive than that contemplated by the expiring or terminated contract (i.e. the parity principle does not apply), CCNL Multiservizi requires that the incoming provider engage in consultations with the relevant labor unions with a view to establishing the level of human resources required to fulfill the new contract and maintain the jobs of the existing workforce, and where necessary, making use of redundancy procedures, reduced hours and other flexible arrangements and workplace mobility schemes. In our experience, in the few cases where we have lost an existing contract and the parity principle did not apply, we had attempted to use the affected employees on new contracts or for supplementary works on existing contracts for which we require additional resources, or alternatively, we commenced redundancy proceedings.

Intellectual property

We rely on a combination of trademarks, licenses agreements, non-disclosure agreements and proprietary know-how to protect our proprietary rights. We do not believe that any individual item of our intellectual property portfolio is material to our business. We employ various methods, including confidentiality and non-disclosure agreements with third parties, employees and consultants to protect our trade secrets and know-how. As of the date of this Offering Memorandum, we are the holder of certain patents and various national and European Community trademarks for our various brand names in the markets in which we operate. As of the date of this Offering Memorandum, no third party has brought legal or administrative proceedings challenging the validity of our trademarks.

Among others, we own the following trademarks: "Rekeep," which is protected by an EU trademark and a UK trademark registered on April 11, 2018, and by a Saudi Arabia trademark registered on December 22, 2022; "Servizi Ospedalieri," which is protected by an EU trademark and a UK trademark registered on July 2, 2008; and "H2H Facility Solutions," which is protected by an EU trademark and a UK trademark registered on October 13, 2015.

Information technology

We have invested in information technology ("**IT**") systems pursuant to licenses from third parties. We believe our IT systems maintain and enhance the quality of services we can provide to our customers in that it allows us to (i) develop projects and proposals with an innovative approach, (ii) develop and implement customized solutions and support systems based on clients' needs and requests (including integration with existing systems), and (iii) design systems and solutions with an end-to-end approach from the study to the delivery phase. We use IT to monitor, manage and prepare responses to private sector and public sector tenders and comply with the numerous regional, municipal and national-level regulations that such tenders entail.

Our IT systems also allow us to track logistics and our transactions with customers, suppliers, subcontractors, TJA partners and employees. We have also deployed programs to assist us in tracking and collecting on our trade receivables and historically to assist our treasury department in determining which trade receivables to sell via factoring facilities. Our IT systems allow customers to monitor the status of their buildings, the status of reported maintenance outage incidence and the timeliness of our responses. We believe such transparency leads to greater operational efficiency and fosters strong customer relationships. As of the date of this Offering Memorandum, we believe that our IT system is robust, adequate to support our activities and insured to standards that are comparable

to other operators in our industry. Moreover, we strongly believe in innovation and digital evolution, with a focus on compliance, cybersecurity, and data protection, in order to continuously improve the Group's resilience.

Research and development

We carry out various research and development activities, with the objective of proactively and continuously improving the quality of the services we offer. In certain instances, we pursue research and development in conjunction with third parties involving industry-standard non-disclosure agreements. Specific research and development activities have included the following: (i) research regarding technical studies related to preparing our bids in response to public tenders and (ii) research regarding advanced new materials and methods in our Laundering and Sterilization Segment.

Project financing

We make investments with various partners to build and operate or otherwise provide integrated services to new facilities for PSEs and healthcare customers pursuant to concessions, such as hospitals pursuant to long-term agreements structured as BOT arrangements. Our non-controlling investments in special purpose vehicles constituted through equity financing from the Group and the other sponsors in turn make use of project financing loans or project bonds on a non-recourse basis to fund the relevant building construction. From time to time we also grant off-balance sheet guarantees of the obligations of such project companies. Our investments partners are typically construction or engineering firms. We manage our investments conservatively and invest only where we identify projects with favorable characteristics such as future service contracts to manage the non-core services of a hospital. Facility management contracts that have been signed between the project companies or the concession-awarding PSE or healthcare customer with Group companies form a key portion of our backlog.

Insurance

We maintain insurance coverage under various liability and property insurance policies for, among other things, damages in the areas of operations, environmental liabilities and business interruption. We also maintain insurance regarding third-party claims that may arise out of certain services we provide, third-party claims related to damage caused to the properties we manage, civil directors' and officers' liability and information technology system failure. We believe that the level of insurance which we maintain is appropriate for the risks of our business and is comparable, in each case, to that maintained by other companies in our markets operating in the same activities.

We do not have insurance coverage for all interruptions as a result of operational risks because in our view, these risks cannot be insured or can only be insured on unreasonable terms. See "*Risk factors—Risks related to our business—Our insurance is limited and subject to exclusions, and depends on the ongoing viability of our insurers; we may also incur liabilities or losses that are not covered by insurance*" and "*Risk factors—Risks related to our business—The sterilization of laundry and surgical instruments and certain other services we provide carry liability risks.*"

Regulation

The following paragraphs provide a brief description of the main Italian regulations that govern the activities carried out by the Group. Although the following summary description contains the principal information concerning such regulations that are considered material in the context of the Offering, it is not an exhaustive account of all applicable laws and regulations. References and discussions to laws, regulations and treaties, other administrative and regulatory acts are entirely qualified by the full text of laws, regulations and treaties, other administrative and regulatory acts themselves. In addition, prospective investors and/or their advisers should make their own analysis of the laws, treaties, regulations and other administrative and regulatory documents which apply to us as well as their impact on an investment in the Notes. Prospective investors and/or their advisers should not rely on the contents of the following summary only.

General overview

The areas in which we operate are not generally subject to a specific regulatory regime, however, national and/or local laws and regulations do cover many services we provide. For certain of our activities, we must obtain licenses or permits, make filings of certain notifications/communications with the relevant authorities or refrain from employing unlicensed professionals. In addition, our landscaping activities require compliance with local permits that regulate, among other things, the use and operation of heavy machinery and equipment, noise pollution, waste management, conventional and renewable energy installation, erosion and water runoff. To the extent we employ

chemicals and other substances in connection with our services (*e.g.*, cleaning solutions), we must handle and dispose of such substances with due care and in compliance with applicable laws and regulations concerning the safeguard of the health of our employees, customers and the general public. Some of the services we provide are subject to Law 10/91 and implementing legislation, such as Law Decree No. 192/2005 and Presidential Decree No. 74/2013, which prescribe certain energy performances in buildings and/or plants. For a brief description of Law 10/91 and the related energy audit requirements, see "*—Environment and sustainable development; Risk management.*"

In addition, at all our locations we are subject to national laws, regulations and practices concerning employee health and safety. In the Italian legal system, health and safety in the workplace is regulated, inter alia, by means of Italian Legislative Decree No. 81/2008, as amended by means of Italian Law Decree No. 21/2022, converted into law by Italian Law No. 51/2022.

The method by which we bid for new business with PSEs and healthcare customers and manage customers relationships requires compliance with Italian Public Tender Laws, discussed below under "*—Public Tenders.*"

To foster best practices, we have implemented compliance models in our Facility Management Segment and Laundering and Sterilization Segment based on models prescribed under Legislative Decree No. 231 of June 8, 2001, as amended ("**LD 231"**). LD 231 provides for the administrative liability of a corporate entity for crimes committed in its interest or to its advantage by certain individuals such as its employees, directors and representatives. LD 231 crimes include, among others, crimes committed in the context of dealings with the public administration (including bribery, bid rigging, corruption, misappropriation of public contributions, and fraud to the detriment of the state), corporate crimes, money-laundering and certain tax crimes, environmental crimes and crimes of manslaughter or serious injury, in violation of provisions on health and safety at the workplace. LD 231 compliance programs provide a voluntary safe harbor to companies that have implemented such programs, insofar as the individual or agent who committed the offense under LD 231 acted in furtherance of their own interest or in the interest of third parties not related to the company or the relevant company had effectively implemented a LD 231 compliance program and had appointed an independent body or officer to supervise the compliance program**.** As of the date of this Offering Memorandum, the Issuer, Servizi Ospedalieri, CMF and H2H have implemented LD 231 compliance programs.

Our LD 231 compliance programs includes risk identification exercises related to LD 231 crimes, establishing procedures to prevent such acts, creating information reporting channels to the compliance body or officer and establishing a system of disciplinary sanctions for employees or agents found to have violated LD 231. See "*Risk factors—Risks related to our business—We may incur liabilities or be excluded from contracting with public authorities for the actions of our employees, managers, directors, representatives or agents, including under LD 231/2001."*

Public tenders

General overview

Our public contracts are subject to regulation by applicable Italian law. We are also subject to work safety requirements and labor laws, including specific laws that govern labor relations. See "*—Employees and labor arrangements.*"

We generally receive contracts with PSEs and healthcare customers pursuant to public tenders which are regulated by both the current code on public procurement (Legislative Decree No. 36 of March 31, 2023 as subsequently amended by Legislative Decree No. 209 of December 31, 2024, the "**Code on Public Procurement**") and the former code on public Procurement (Legislative Decree No. 50 of April 18, 2016 as subsequently amended and supplemented, the "**Former Code on Public Procurement**").

The Code on Public Procurement generally applies to public tender procedures and contracts whose call for tender was published after July 1, 2023 (date of its entry into force). For call for tenders published before July 1, 2023, the Former Code on Public Procurement was the applicable legislation regulating public tender procedures and contracts. Furthermore, as of the date of this Offering Memorandum, we are still performing certain contracts with PSEs and healthcare customers that were awarded to us pursuant to Legislative Decree No. 163 of April 12, 2006 (the "**2006 Code on Public Procurement**"), the execution of which is regulated by the provisions set forth therein.

Therefore, our contracts can be regulated by either the Code on Public Procurement, the Former Code on Public Procurement, or the 2006 Code on Public Procurement (together, the "**Italian Public Tender Laws**"), depending on when the relevant tender was originally launched.

The Italian Public Tender Laws include the provisions applying to all public works, services and supply contracts, both above and below the following EU thresholds.

	Former Code on Public Procurement	Current Code on Public Procurement(*)
Public work contracts and concessions	€ 5,350,000	€ 5,538,000
Public supply and service contract for central governmental authorities	€ 139,000	€ 143,000
Public supply and service contract for sub-central entities	€ 214,000	€ 221,000
Public supply and service contracts in special sector (*e.g.*, water, energy, transport and postal services industries)	€ 418,000	€ 443,000

(*) Article 14 of the Code on Public Procurement.

The Italian Public Tender Laws provide for five main types of contract award procedures for contracts above the EU thresholds:

the open procedure (any party may submit a tender bid as long as the criteria in the tender procedures are met);

the restricted procedure (any party may request to participate in the tender, but only parties invited by the relevant PSE and healthcare customer may take part in the tendering procedure). Pursuant to the Code on Public Procurement, the parties selected by the relevant PSE and healthcare costumer must include at least 5 undertakings;

the competitive negotiated procedure for contracts of public works, supply or services, when one of such circumstances arises: (i) when the needs of the PSEs cannot be achieved with other procedures or they imply innovative solutions; (ii) when due to the nature of the circumstances the tender cannot be awarded without negotiations; or (iii) when the technical features cannot be set forth by the PSEs with enough clarity. The parties selected by the relevant PSEs and healthcare customer and invited to submit a tender must include at least 3 bidding parties. The negotiated procedure may be held in multiple phases, which allow the contracting authority to negotiate the offers submitted by the different bidders and to amend the relevant technical specifications in the course of the procedure, thus excluding the bidders whose offers do not meet the updated specifications;

the competitive dialogue, where a candidate draws up a project related to the services requested, based on the requirements of the PSE, proposing the conditions and prices he offers. The parties selected by the relevant PSE and healthcare costumer must include at least 3 undertakings; and

the innovation partnership (*partenariato per l'innovazione),* when the PSEs need innovative products, services or works that cannot be retrieved among the solutions already available in the market. The parties selected by the relevant PSE and healthcare costumer must include at least 3 undertakings.

In addition, in certain specific situations set forth by Art. 76 of the Code of Public Procurement, such as when a contracting authority needs to award a contract for the repetition of the same or similar works or services for which such authority had already awarded a contract in the previous three years, the contractor can be selected though a negotiated procedure without a call for tender (*procedura negoziata senza bando*).

The Italian Public Tender Laws also provide specific rules in relation to the award of concessions, where the economic operator will bear the operational risk (*rischio operativo*) relating to the management of the service or

realization of the works provided for within the concession agreement. In particular, pursuant to the Code on Public Procurement, in the event that an economic operator has been awarded with a concession contract above the EU thresholds without having participated in public procurement procedures and which isstill valid at the date of the entry into force of the Code on Public Procurement, such economic operator must award to third parties, through a public procedure, a share ranging between 50% and 60% of the works, services and supplies provided for under the contract.

In addition, pursuant to the Italian Public Tender Laws, Public Administrations and private operators can create a public-private partnerships ("**PPP**"), with the goal to ensure the funding, construction, renovation, management or maintenance of an infrastructure or the provision of a public service. A PPP is started by an economic operator (*i.e.* promoter) that drafts and submits a project proposal, which is evaluated by the relevant Public Administration. If the project is approved, the Administration launches a tender for its award. Even if the promoter does not rank first at the end of tender process, it holds a pre-emption right for the award of the PPP. Alternatively, the promoter has the right to recover the costs incurred in drafting and submitting the proposal.

In response to the COVID-19 pandemic, the Italian Government enacted the Law Decree No. 76 of July 16, 2020 which was subsequently converted into Law of September 11, 2020 No. 120 (*Decreto Semplificazioni*, the "**Semplificazioni Decree**"). The Semplificazioni Decree introduced a number of measures dealing with the COVID-19 health emergency and the consequent lockdown, and, among others, introduced dedicated measures regarding public tenders.

The Semplificazioni Decree provided that, starting from July 2020 through December 2021, the public authorities may enter into public contracts below the EU thresholds (as reported in the chart above) both (i) directly awarding contracts not exceeding €150,000; and (ii) awarding contracts with a value between €150,000 and €350,000 through the negotiated procedures without having to publish a tender notice (depending on the contract's value, a set number of operators must be consulted before the awarding). In addition, the Semplificazioni Decree provided for shortened awarding procedures as well as for the implementation of additional exceptions and dedicated measures in relation to specific industries (including the healthcare sector) which may result in certain provisions of the applicable Code on Public Procurement being derogated. Further dedicated measures aimed at facilitating the award of public tenders were provided for by Law Decree No. 77 of May 31, 2021 (*Decreto Semplificazioni Bis,* the "**Semplificazioni Bis Decree**") and by Law Decree No. 13 of February 24, 2023 in the context of the implementation of the National Plan of Recovery and Resilience ("**PNRR**") and National Plan of Complementary Investments ("**PNC**").

In this regard, the applicability of the Semplificazioni Decree's abovementioned provisions, has been extended until June 30, 2024 in relation to the award of any tender supported by financing provided under the PNRR and PNC.

ANAC empowered role

Under the Code on Public Procurement, ANAC (*Autorità Nazionale Anticorruzione*) is the Italian Authority with powers to, *inter alia,* oversee public tender procedures and execution of the awarded contracts. Law of August 11, 2014, No. 114 introduced new and impacting measures in the anticorruption system and settled the suppression of the formerly empowered AVCP (*Autorità per la vigilanza sui lavori pubblici* – i.e. the Authority for the Supervision of Public Contracts), and provided for AVCP's transfer of functions and resources to the ANAC.

The integration of the functions of the two aforementioned authorities and the consequent extension of the powers granted to ANAC are aimed at setting the conditions to oversee more effectively the scope of corruption prevention in the field of contracts and public procurement.

ANAC operates, essentially, at three different levels: a) constant supervising and prompt reporting to the competent authorities of irregularities or illegal situations relating to awarding and execution of public tenders, through the inspection function (carried out through the Italian Tax Police – *Guardia di Finanza*), also eventually sanctioning certain behaviors; b) interpretation of the law, opinions upon the parties' request (*pareri pre-contenzioso*); c) information gathering and continuous monitoring of the awarding and execution of public contracts. The monitoring of public contracts is, *inter alia,* performed by managing all the public procurement databases to support the sharing process among contracting authorities. For example, ANAC maintains a register of qualified contracting authorities, which includes the centralized contracting authorities (*Centrali di committenza*). Qualifications are required for the authorities to enter into certain specific kinds of contracts, depending on the complexity of the contract and the value of the underlying contract (value ranges are set forth in the Code on Public Procurement). Authorities constituting qualified contracting authorities are selected based

on certain criteria regarding technical and organizational abilities, as well as based on their compliance with ANAC's indications. In addition to this, in application of the principle of transparency in the public administration, ANAC manages the national database of public contracts (*Banca Dati Nazionale dei Contratti Pubblici*), which includes national centralized database (*Casellario Informatico*), containing the information on the economic operators. Furthermore, ANAC manages the SOA qualification system, issuing to the relevant economic operators the so-called SOA Certification, required for the participation in tenders relating to specific works contracts over a certain monetary value.

ANAC's sanctioning powers also entails the power to annotate on the economic operators database (*Casellario delle Imprese*) those economic operators that provided false statements or false documentation in the context of a tender procedure, as well as in the context of the procedure for the obtainment of a SOA Certification. Such annotation leads to the automatic exclusion of the economic operator from participating in public tender until the annotation is removed from the database (up to one year, pursuant to the 2006 Code on Public Procurement, and up to two years pursuant to the Former and Current Code on Public Procurement).

Centralized Contracting Authorities (including CONSIP)—Spending Review and Public Procurement Policies

A centralized contracting authority (*Centrale di Committenza*) is a public contracting authority (*Stazione Appaltante*) with the following functions:

buying supplies, services and works;

awarding of public contracts and concessions; and

projecting, managing and concluding framework contracts (*Convenzioni Quadro*) for supplies, services and works on behalf of many PSEs/ healthcare customers.

CONSIP, a joint stock company fully owned by Italy's Ministry of the Economy and Finance, provides functions as the main Italian centralized contracting authority.

Pursuant to the Italian Public Tender Laws, PSE and healthcare customer contracts are awarded through public procurement processes. In order to rationalize the purchasing activity of the Public Administration and provide the functions listed above, the centralized contracting authorities operate, *inter alia*, through the following main instruments:

- *Framework Contracts*: economic operators that were awarded with framework contracts through public tenders called by centralized contracting authorities, including CONSIP, for several product categories, undertake to accept (with the conditions and prices established in the call for tenders, and based on the quality standards provided for in the terms of contract) supply orders from healthcare customers and PSEs, up to the maximum limit established, over a period that cannot exceed four years. Centralized contracting authorities utilize reference prices established by the ANAC to set the criteria for pricing public tenders for certain goods and services between healthcare customers and PSEs and service providers such as our Group, which most of such customers are required to follow;

  Healthcare customers also utilize similar framework contracts with respect to healthcare service contracts entered into by regional contracting authorities (*Centrali di Committenza Regionali*) (e.g., Intercenter) or by CONSIP if the regional contracting authorities do not enter in any similar contracts;

  The Public Administration Electronic Market (the "**MePA**"—*Mercato Elettronico*) and the Public Administration Dynamic Acquisition System (the "**SdaPA**" – *Sistema dinamico di acquisizione*): MePA is a digital marketplace in which registered authorities can make purchases for values below the European threshold of the goods and services offered by suppliers that have been authorized to post their catalogues on the system. SdaPA is a similar instrument to MePA, managed by CONSIP and limited to certain categories of goods and services. On SdaPA, authorized suppliers are not allowed to post their catalogues, but rather are invited to participate in tenders launched on the marketplace by the registered authorities. SdaPA may be used also to award contracts above the EU thresholds;

- starting from 2012, due to budgetary constraints, the Italian Legislator enacted several and fragmented spending review measures, such as Italian Law Decree No. 95 of July 6, 2012 (the "**Spending Review Decree**") aimed at cutting the public spending. These measures had a remarkable impact on the contracting authorities' organization and public procurement policies.

In the first place, it was established that CONSIP's prices for particular service offerings (i.e. *inter alia*, frequency of maintenance or intervention) serve as benchmarks which allow PSEs/healthcare customers to terminate such non-CONSIP contracts that may be more expensive. However, in such cases, applicable laws grant the contractor a right to recover 10% of the revenue that would otherwise have been generated by the performance of the remainder of the contract.

In connection with the spending review measures, with respect to the purchases of goods, services and supplies made by the PSEs, any public contract entered into by a PSEs failing to comply with spending review's obligations—*i.e.* to revert to CONSIP or other centralized contracting authorities for the purchase of good and services exceeding the EU threshold—is deemed null and void, it involves a disciplinary offence and implies administrative liability.

Furthermore, under the spending review legal framework, any PSE or healthcare customer has now the right to withdraw, any time, from the ongoing public contract under the following two conditions: (i) in case the terms and the reference prices (*prezzi di riferimento*) set by CONSIP provide better conditions in comparison to the ones stated in the mentioned ongoing public contract; (ii) if the contractor does not agree to adjust the terms and prices to the ones set by CONSIP. In case the PSE or healthcare customer does not withdraw from the contract under the above conditions, the PSE or healthcare customer itself must communicate its decision to the central accounting state court (i.e. "*Corte dei Conti*").

In connection with the spending review effort, the Italian Legislator enacted Law Decree No. 66 of April 24, 2014 ("**Decree No. 66**") (converted into Law No. 89 of June 23, 2014) which, *inter alia*, created a new category of centralized contracting authorities called "Aggregator Bodies" (*Soggetti Aggregatori*), which can be considered as qualified centralized contracting authorities. In particular, Aggregator Bodies are the only competent entities that can manage tender procurement procedures related to certain categories of supplies and services above specific threshold.

In connection with the spending review measures, Law Decree No. 208 of December 28, 2015 ("**Decree No. 208**") further reinforced the centralization of the public administration purchasing activity. In order to rationalize and cut the public spending, Decree No. 208 extended the number of Public Administrations obliged to exclusively resort to the framework contracts issued by CONSIP or by other centralized contracting authorities. In particular, central and local administrations and any educational establishment shall exclusively resort to CONSIP's framework contracts. Conversely, PSEs based in the Italian Regions and Healthcare costumers are obliged to resort to the framework contracts issued by the regional contracting authorities. Contracting Authorities' autonomous purchasing are only possible if PSE can prove that the supplies and services granted through framework contracts do not satisfy their specified needs.

Finally, the Code on Public Procurement strengthened the rules (introduced by the Former Code on Public Procurement) aimed to rationalize the contracting authorities' organization by reducing their number. As already provided for by the Former Code on Public Procurement, a register of qualified contracting authorities is kept by ANAC. According to Article 62 of the Code on Public Procurement, contracting authorities that are not qualified shall resort to a qualified contracting authorities to purchase supplies and services above €140,000 and works above €500,000. Non-qualified contracting authorities can autonomously purchase supplies, services and contracts below the abovementioned thresholds. According to Article 63 of the Code on Public Procurement, the following entities shall be automatically registered in the list: (i) the Italian Ministry of Infrastructure and Transportation, (ii) the inter-regional education agencies for public works (*Provveditorati Interregionali delle opere pubbliche*); (iii) CONSIP; (iv) Invitalia spa (*i.e.* the Government agency for inward investment); (v) Difesa Servizi S.p.A. (*i.e.* the Government agency for the management of the Ministry of Defense's assets); (vi) Agenzia del demanio (*i.e.* the Government agency for the management of State-owned real estate assets); (vii) Aggregator Bodies as defined by Article 9 of Decree No. 66; and (viii) Sport e salute S.p.A. (*i.e.* the Government agency for sport development).

See "*—Risk factors—Risks related to our business—PSE and healthcare customers may curtail their reliance on our services due to political and administrative decisions or budgetary constraints, or they may otherwise revise their outsourcing and/or procurement policy in a manner adverse to our interests.*"

Awarding criteria

According to Italian Public Tender Laws, the winning bid is awarded either to the bid with the lowest price or the economically most advantageous bid in terms of value for money, provided that the criteria are specifically listed in the call for tenders.

The Code on Public Procurement provides that the "most economically advantageous bid" criteria (*Criterio dell'offerta economica più vantaggiosa*) shall always apply for social services, hospital, scholastic and welfare catering service, labor-intensive services, engineering and architecture services bid processes with a value over €140,000, for services contracts and supplies with a value over €140,000 having a considerable technological or innovative nature, for contracts of works having a considerable technological or innovative nature, as well as for contracts awarded through competitive dialogue or innovation partnership and for integrated tenders (*appalti integrati*). In addition, the abovementioned criteria shall also consider whether a bidder is incorporated as a benefit corporation (*società benefit*).

Conversely, the lowest price criterion can be used for services and supplies with standard characteristics or conditions which are defined by the market, except for labor-intensive services subject to the "most economically advantageous bid" criteria.

In addition to this, contracting authorities select the award criteria to be used in the evaluation of tenders, in the call for tender and in the invitations to bidders, having regard to qualitative aspects of environmental, social and technical nature.

See "*Risk factors—Risks related to our business—PSE and healthcare customers may curtail their reliance on our services due to political and administrative decisions or budgetary constraints, or they may otherwise revise their outsourcing and/or procurement policy in a manner adverse to our interests*."

New regulation on subcontracting

Under the Code on Public Procurement, private contractors can enter into subcontractor agreements with third parties for services, supplies or works included in their contracts, provided that: (i) the private contractor received prior authorization from the contracting authority; and (ii) the sub-contractor holds the necessary qualifications to carry out such activities. According to Italian Public Tender Laws, any bidder shall explicitly indicate in its offer any share of the contract it intends to subcontract to third parties, and cannot subcontract the main part of the prevalent activities, as listed in the tender documentation, as well as the main part of labour-intensive contracts (*contratti ad alta intensità di manodopera*).

Further, the Code on Public Procurement introduced the so-called "cascading sub-contract" mechanism (*subappalto a cascata*). Pursuant to this mechanism, services, supplies or works subcontracted to a sub-contractor may be, in turn, subcontracted to third-parties, with the exception of the activities (if any) specifically excluded by the relevant contracting authority in the tender documentation, due to their nature.

Finally, the Code on Public Procurement also introduced an obligation to reserve at least 20% of the value of subcontracting agreements to small and medium-sized enterprises, as defined therein.

Cost overruns and adjustments

Contracts to supply PSEs and healthcare customers with services and goods awarded pursuant to the 2006 Code on Public Procurement must provide for a periodical price adjustment. The contracting authorities are required to review the prices of the products and materials according to the review issued every year by public authorities, including ministerial authorities.

Further, during the execution of contracts awarded pursuant to the 2006 Code on Public Procurement, PSEs and healthcare customers are entitled to request limited variations to the contract in accordance with various provisions that prescribe adjustments for services, supply contracts, adjustments requested by the PSE and healthcare customer, adjustments requested by the contractor and adjustments connected to the compensation of employees. In particular:

in the case of adjustments (an increase or decrease of the total price provided in the contract in relation to the performances which the executor must carry out of the agreement) of less than 20%, the PSE or healthcare customer is entitled in certain circumstances set out below to require the contractor to accept such changes at the same conditions set forth in the contract without additional compensation or indemnity other than the consideration originally provided for in the contract. Pursuant to the

Former Code on Public Procurement, the PSE or healthcare customer is always entitled to require adjustments of less than 20%;

in case of adjustments (an increase or decrease of the total price provided under the contract) in excess of 20%, the contractor may either accept the PSE's/healthcare customer's request for adjustment or alternatively terminate the agreement;

the contractor may request variations of less than 5% of the original total amount of the agreement.

Such adjustments in the course of execution may only be made under limited circumstances, namely:

requirements provided by new legislative and/or regulatory rules;

unforeseen events/circumstances as set forth in Italian Public Tender Laws, or due to new materials, products, technologies becoming available which were not available at the time of the signing of the contract, and which can result in an improvement of the quality of the performances without any increase in costs;

events related to the kind of goods or locations which constitute the object of the contract;

geological events;

mistakes and/or omissions related to the executive projects which have damaging effects on the entire project; and

restoration activities to be possibly implemented on contaminated sites.

Conversely, contracts to supply PSEs and healthcare customers awarded pursuant to the Former Code on Public Procurement do not necessarily provide for a periodical price adjustment. In order to be valid, the price adjustment must: (i) be clearly and unambiguously contained in the relevant public tender documentation; (ii) not alter he overall nature of the contract; and (iii) be only applied, for work contracts, to cost variations exceeding 10% of the contract value and to cover 50% of such variation. However, according to Italian Law Decree No. 4 of January 27, 2022 ("**Sostegni-bis Decree**"), contracts awarded pursuant to tenders launched from the date of the adoption of such Decree (January 2022) onward (and governed by the Former Code on Public Procurement) must include price adjustment clauses. Italian Law Decree No. of May 17, 2022 ("**Aiuti Decree**") provided that such clauses must be included also in all works contracts already awarded at the date of the adoption of the Aiuti Decree and in the course of execution.

Further, adjustments in the course of execution of contracts awarded pursuant to the Former Code on Public Procurement are also possible when the following requirements are met: (a) they are deemed necessary by unforeseen events/circumstances (i.e. requirements provided by new legislative and/or regulatory rules); (b) they do not alter the overall nature of the contract; and (c) they do not exceed the 50% of the original total amount of the agreement.

Moreover, adjustments to the works in progress (*variazioni in corso d'opera*) are also possible, without the need to launch a new public tender procedure and provided that they do not alter the overall nature of the contract, if the adjustment is below the following values: (a) thresholds set forth by Article 35 of the Former Code on Public Procurement; (b) 10% of the original total amount of the agreement for services and supplies contracts and 15% for work contracts.

All the adjustments pursuant to the Former Code on Public Procurement shall be authorized by the RUP (*Responsible Unico del Procedimento*—*i.e*. the person responsible for public procurement procedures) of the contracting authority.

Finally, contracts to supply PSEs and healthcare customers awarded pursuant to the Code on Public Procurement must provide for a periodical price adjustment. Such adjustments are based on an indexing mechanism, through which prices for the supply/services are updated annually based on the review of retail prices, production prices and hourly contractual wages indexes issued by public authorities. For supply or service contracts, the price

adjustment applies for cost variations of the service/supply exceeding 5% of the contract value (both upward and downward) and covers 80% of such exceeding variation; while in relation to works contracts, it applies to cost variations of the works exceeding 3% of the contract value (both upward and downward) and covers 90% of such exceeding variation. According to the provisions of the Code on Public Procurement, such adjustment clauses shall also be included in each sub-contracting agreement (if any).

In addition to the abovementioned price adjustment mechanism, which shall be self-executive, contracts awarded pursuant to the Code on Public Procurement may also be subject to adjustments in the course of execution without the need of a new public tender procedure – provided that they do not alter the overall nature of the contract and that the RUP of the contracting authority authorizes them – in the following further cases:

adjustment clauses are clearly and unambiguously contained in the relevant public tender documentation; or

adjustments are deemed necessary by unforeseen events/circumstances (*i.e.* requirements provided by new legislative and/or regulatory rules) and do not exceed the 50% of the original total amount of the agreement; or

adjustments are concurrently below the thresholds set forth by Article 14 of the Code on Public Procurement and below 10% of the original total amount of the agreement for services and supplies contracts (15% for work contracts).

Further, the Code on Public Procurement introduced the principle of preservation of contractual balance (*principio di conservazione dell'equilibrio contrattuale*). Pursuant to such principle, the contractual terms shall be renegotiated every time extraordinary and unforeseeable circumstances – having the effect of altering the original contractual balance beyond the ordinary market risk – arise. If a renegotiation clause is not explicitly provided for in the contract, a request shall be submitted to the RUP, who will submit an offer within three months from the date of the request. In case an agreement is not found, the disadvantaged party may bring a judicial action to obtain the relevant adjustment. In the event that the adjustment mechanism cannot guarantee the preservation of contractual balance, each of the parties may request the contract termination due to supervening excessive onerousness (*eccessiva onerosità sopravvenuta*).

Integrated tenders

Pursuant to the 2006 Code on Public Procurement, in case of public tenders where the preparation of the executive project and the execution of works are awarded separately (by means of two different tenders), in the case of omissions or mistakes of the contractors responsible for the executive project which may result in adverse changes to the works of at least 20% of the total original value of the contract, the PSEs/ healthcare customers are required to terminate the contract for the execution of the works and initiate a new public tender to which the contractor who was awarded the execution of work in the original tender process must be invited. In these cases, the PSE/healthcare customer is required to pay to such original contractor:

amounts equivalent to the works executed and services provided up to such termination; and

10% of the non-performed works of up to 80% of the amount of the contract.

In case of public tenders where the preparation of the executive project and the execution of works are awarded to the same contractor by means of the same public tender, such contractor is deemed liable for the delays and burdens caused by the need to make adjustments to the works in progress due to mistakes and/or defaults in the executive project. In this case the contractor must compensate the PSE/healthcare customer for the damages caused.

Conversely, the Former Code on Public Procurement contains a general prohibition of awarding with a single tender both the preparation of the executive project and the execution of works to the same contractor. Exceptions are allowed in case of general contractor agreements, project financing, concessions, public-private partnership and availability contract. However, the *Semplificazioni* Decree has suspended such prohibition until December 31, 2021, then extended until June 30, 2024 in relation to the award of any tender supported by financing provided under the PNRR and PNC, thereby allowing the use of a single tender also for projects where the technological or innovative element is not prevailing over the contractual value.

Integrated tenders are generally allowed pursuant to the Code on Public Procurement, except for works contracts relating to ordinary maintenance. The contracting authority shall motivate its decision to award both the preparation of the executive project and the execution of works to the same contractor.

According to Italian Public Tender Laws, in addition to public works contracts, the set of rules discussed above also apply to public supply and service contracts.

Termination of public tenders

Pursuant to the 2006 Code on Public Procurement, the PSE/healthcare customer can terminate a contract should the relevant contractor: (a) fail to perform (or delay to perform) the contract; (b) fail to maintain the specifications required by the PSE/healthcare customer; and/or (c) receive a sentence for certain serious crimes.

According to the Former Code on Public Procurement a PSE/healthcare customer must terminate an ongoing contract should the relevant contractor: (a) produce false documentations and/or false declarations that cause the revocation of the qualification certificates (*SOA*); (b) receive a final and binding sentences related to an anti-mafia offense or receive a binding and final judgment for the crimes mentioned in article 80 of the Former Code on Public Procurement.

Under the Code on Public Procurement a PSE/healthcare customer must terminate an ongoing contract should the relevant contractor, among others: a) produce false documentations and/or false declarations that cause the revocation of the qualification certificates (*SOA*); (b) receive a final and binding sentence related to an anti-mafia offense; or (c) receive a binding and final judgment for the crimes mentioned in article 94, first paragraph, of the Code on Public Procurement. The PSE/healthcare customer can always rescind a contract, paying: (i) the works or the services supplied and the raw materials in the construction site; and (ii) 10% of the non-performed works.

The administrative act awarding a tender, as well as any assignment and design contests regarding works, services and supplies, can be challenged by filing a complaint at competent Administrative Regional Court (*Tribunale Amministrativo Regionale,* "**TAR**") with possible appeal to the *Consiglio di Stato* (High Court for Administrative Matters). Both the TARs and the *Consiglio di Stato* have the power, with certain exceptions (such as those provided by the Semplificazioni-bis Decree in relation to tenders supported by financing provided under the PNRR and PNC), to annul an award of a public tender.

Under the Former and the Code on Public Procurement, in order to streamline trials relating to public tenders, certain alternative methods of settling disputes are provided. Moreover, Articles 119 and 120 of Legislative Decree 104/2010 provide for a specific accelerated procedure, according to which the challenge of the award of a public tender shall be filed with the TAR, within 30 days from receipt of the notification of the award resolution. Shortened procedures are also provided by specific law decrees enacted in the context of tenders supported by financing provided under the PNRR and PNC, such as, for example, Italian Law Decree No. 68 of June 16, 2022.

The spending review has also granted healthcare customers the ability to terminate contracts if the prices therein are higher than the ANAC reference prices as discussed under "*Risk factors—Risks related to our business—PSE and healthcare customers may curtail their reliance on our services due to political and administrative decisions or budgetary constraints, or they may otherwise revise their outsourcing and/or procurement policy in a manner adverse to our interests.*"

Financial guarantees system

The Former Code on Public Procurement introduced a new financial guarantees system. With reference to works of a specific value, the "global financial guarantee" provided under the 2006 Code on Public Procurement has been repealed and substituted by two different guarantees required under the Former Code on Public Procurement: the "fair fulfilment guarantee" (*Garanzia di buon adempimento*), which exists until the work is completed without any possibility of release and the "termination guarantee" (*Garanzia per la risoluzione*) to cover costs

(corresponding to the value of the damages suffered) incurred due to need to conduct another public procurement procedure in order to re-enter into the relevant contract with a third-party, in case the relationship with the original contractor cannot continue, and to cover costs for the new contractor. The Code on Public Procurement confirmed such framework.

Further, the Code on Public Procurement: (i) removed the general obligation to provide a provisional guarantee (*garanzia provvisoria*) in order to participate in tenders below the EU thresholds and in project financing procedures; and (ii) revised the criteria pursuant to which the amount of the provisional guarantee may be reduced in tenders above the EU thresholds.

Renewals of public tenders

A contract cannot be automatically renewed at its expiration; however the former contractor may participate in new tenders relating to the same service, except when a "rotation" mechanism applies pursuant to the applicable rules (including Art. 36 of the Former Code on Public Procurement and Art. 49 of the Code on Public Procurement). Pursuant to the Code on Public Procurement, in the context of negotiated procedure, the rotation mechanism only applies towards the contractor that was awarded the expiring contract, while the contractors that participated in the former procedure without being awarded the contract are allowed to participate again.

Anti-Mafia Code

We are subject to the anti-mafia provisions established by Italian Legislative Decree No. 159 of September 6, 2011, as subsequently amended (the "**Anti-Mafia Code**"). Under the Anti-Mafia Code, we are required, among other things, to provide the relevant public body with information regarding the Group and its related parties, such as shareholders, directors, general managers as well as the spouse and co-habiting family members (aged more than 18 years old) of the aforementioned individuals (if applicable). This information must be transmitted prior to the execution of agreements or concessions with any public authority and periodically renewed. The purpose of this regulation is to verify whether there might be any link between us and any mafia organization which could influence our business.

Legal proceedings

We are party to various legal proceedings (including labor disputes) involving claims that are incidental to our business, including challenges to our admission to, or award of, public tender procedures, concessions, approvals and agreements with public contracting entities, which could result in the denial, termination or revocation of such admissions, awards, concessions, approvals or agreements, thereby adversely affecting our business, results of operations and financial condition. We are also party and may in the future become party to tax audits. We record a provision in accordance with applicable accounting principles when losses from pending or potential disputes are probable and reasonably quantifiable. As of September 30, 2024, our provisions for litigation risks (including tax litigation) amounted to €26.9 million.

Estimates of a litigation potential unfavorable outcome are based on our expectations, opinions and assumptions about future developments which are inherently uncertain. See "*Risk factors—Risks related to our business—We are subject to risks related to legal and arbitration proceedings in the* normal *course of our business and otherwise as well as risks related to public contracts litigation*." Statements herein regarding future events are subject to the disclaimer and qualifications under "*Forward-looking statements*."

For more information about the arbitration proceeding between Rekeep Saudi Co. Ltd and Operation Alliance Co. LLC regarding the termination of a contract for the operation and maintenance of four lines of the Riyadh subway, which was previously awarded to Operation Alliance Co. LLC. See "*Summary—Recent Developments—Saudi Settlement*." Set forth below is a summary of the most significant of these proceedings.

FM4 Tender Litigation and other proceedings arising therefrom

The ICA fine

Following proceedings initiated by the Italian Competition Authority ("**ICA**") in connection with alleged anti-competitive practices related to a public tender for cleaning and maintenance services for PSEs (the "**FM4 Tender**"), we have received a fine, later reduced to €79.8 million by the ICA, pursuant to an order from the relevant judicial authorities (TAR Lazio). In this regard, we reached an agreement with the Italian Revenue Agency (*Agenzia delle Entrate*) to pay the said fine in 62 installments. As of the date of this Offering

Memorandum, the outstanding amount of the fine is approximately €39.9 million excluding additional costs and interest.

The appeals brought by the Issuer against the FM4 fine and consequent redetermination of the fine

We pursued a series of legal appeals against the said ICA decision, challenging both the merits and the disproportionate quantification of the fine. The litigation proceedings relating to the merits of our challenge have been definitively closed, while, as to the proceedings relating to the quantification of the above-mentioned fine, which we claim to be disproportionate, our appeal remains pending before the Council of State.

The exclusion from the FM4 Tender and related proceedings and potential enforcement of the bid bonds

Moreover, on June 28, 2019, Rekeep was also notified by CONSIP of its decision to exclude Rekeep from the FM4 Tender alleging its 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). CONSIP also sought to enforce our bid bond of €3.9 million related to this tender. We challenged this exclusion and the bid bond enforcement before the Administrative Court of Lazio (TAR Lazio), seeking annulment and suspension of the enforcement as precautionary measure. TAR Lazio suspended the enforcement of the bid bond. In July 2022, TAR Lazio, with a partial ruling, confirmed the lawfulness of our exclusion but deferred judgment on the bid bond enforcement pending a Constitutional Court review, which ultimately rejected the challenge of constitutional illegitimacy. In November 2022, with a final ruling, TAR Lazio dismissed our appeal, prompting us to seek suspension of enforcement from the Council of State. The Council granted the suspension and scheduled a hearing on the merits, which was postponed pending a decision from the European Court of Justice regarding bonds' enforcement in other proceedings. As in September 2024 the European Court of Justice opined on the same issue concerning the Issuer's case in the context of similar cases and stated that a national law providing for the automatic forfeiture of the bid bond posted by a bidder following their exclusion from a public procurement process is contrary to the principles of EU law, the Council of State has now scheduled a hearing for March 6, 2025. We expect the court to apply such favorable principles for its decision in our case. In addition, on November 9, 2022, we had also appealed the partial ruling by TAR Lazio which upheld our exclusion from the FM4 Tender. The initial hearing before the Council of State was scheduled for March 9, 2023, but has been postponed to March 6, 2025. We are currently awaiting the Council of State's final decision on both the abovementioned appeals.

Potential financial and business consequences and self-cleaning measures

In terms of business consequences, we believe that, with respect to the tenders issued or adjudicated pursuant to the previous public procurement rules (i.e. those repealed by the Code on Public Procurement), the risk that the Issuer could be excluded, on a case by case basis and upon a discretional assessment, by public contracting authorities conducting the relevant tender or upon a decision of an administrative court following a claim by competitors seeking to block the participation of the Issuer in a tender is remote, in light of recent developments in the applicable regulatory framework and in the Council of State's case law. With respect to the tenders issued or adjudicated pursuant to the Code on Public Procurement, the above-mentioned ICA fine cannot lead to the exclusion of the Issuer.

Statutory law provides that internal policies and procedures to minimize the possibility of further antitrust violations ("**Self-Cleaning Measures**") may be taken into consideration by public contracting entities and courts in considering whether not to exclude the Issuer from public tenders. The adoption and implementation of Self-Cleaning Measures does not automatically avoid the risk of exclusion from the relevant public tender procedure. However, the public contracting entity is required to provide adequate justifications regarding the insufficiency of the Self-Cleaning Measures to prove the entity's reliability and integrity. In response to this case, as well as to the CONSIP School ICA Decision mentioned below in this section, the Issuer adopted and implemented internal policies and procedures to minimize the possibility of future antitrust violations. In particular, the Issuer designed an Antitrust Compliance Program which was launched on February 23, 2017 and implemented the following specific Self-Cleaning Measures:

- internal policy concerning public tender procedures (*e.g.*, adoption of a self-limitation principle in relation to its participation through consortia and a procedure governing the exchange of correspondence between the Issuer and its subsidiaries);
- adoption of a code of conduct;

- approval of specific training activities;
- adoption of certain procedural measures (*e.g*., whistle-blowing in relation to potential antitrust infringements, a general encouragement of timely communication to the legal department; a procedure on consulting and professional services, a policy concerning public tender procedures, and disciplinary measures); and
- appointment of an Antitrust Compliance Officer, who shall supervise antitrust compliance. In addition, from April 2016, the Issuer implemented a reorganization to achieve, among other things, changes to certain primary management functions, the separation of the powers and responsibilities of the President and of the Chief Executive Officer and a change of the corporate governance structure of the Issuer, replacing the so-called "dualistic" model with a traditional governance model.

ANAC proceeding against the Issuer

In addition, as a result of the CONSIP FM4 Tender Exclusion, ANAC started a proceeding against us alleging that we provided false statements in the context of the FM4 Tender. We challenged ANAC's decision before the Administrative Court of Lazio (TAR Lazio) on November 4, 2019. Meanwhile, ANAC suspended its proceedings pending our appeals against the said ICA decision and the FM4 Tender Exclusion. On November 5, 2024, TAR Lazio declared our challenge inadmissible, as ANAC's initial action was considered merely a preliminary step of the proceeding *(atto endoprocedimentale*) and not detrimental in itself. Should ANAC resume such proceeding and in case ANAC concludes that we did provide false statements in the FM4 Tender process, may result in several significant impacts, including the Issuer's exclusion from current tenders (and this may have related effects on the bid bonds posted in relation thereto) and ban from participating in future public tenders. Such exclusion/ban cannot exceed one year starting from the date on which the relevant ANAC decision becomes effective, according to the applicable rules. Such exclusion/bar would be general and automatic, irrespective of the sector (i.e., not only in respect of the cleaning sector) and of the public tendering authorities (i.e., not only in respect of tenders issued by CONSIP) and would not operate on a case-by-case basis. Such a negative ANAC decision could be challenged by the Issuer before the TAR Lazio and the Council of State (in its capacity of Supreme Administrative Court). However, the effectiveness of such ANAC decision and the resulting exclusion/ban from participating in the relevant public tenders would be effective even in the event of challenge, unless the relevant court (as mentioned above, either the TAR Lazio or the Council of State) were to enjoin immediately the enforcement pending review. In addition, we can provide no assurance that PSEs will not seek to disqualify other Group companies (or consortia to which the Issuer is a party, including Consorzio Stabile CMF) from current and future public tenders or anyway prevent them from entering into contracts based on ongoing public tenders (and this may have related effects on the bid bonds posted in relation thereto) or challenge contracts forming part of our backlog (including with respect to performance bonds posted in relation thereto). In addition, we cannot exclude that an adverse outcome of such ANAC proceeding could result in potential adverse decisions by private clients opting not to engage in business with us. To date, since the FM4 Tender was not awarded to the Issuer, the latter did not generate any revenue for the Issuer's portfolio, nor was it included in the Issuer's backlog. Moreover, while as of the date of this Offering Memorandum, such instance did not occur, one or more of our competitors that participated in the FM4 Tender may bring court and/or out-of-court actions against us claiming damages supposedly suffered in connection with the alleged breaches addressed by ICA.

The museums cleaning proceedings

Finally, as a result of the ICA Tender FM4 Decision, 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 (such request was notified on March 13, 2020). We contested this decision before the Administrative Court of Lazio (TAR Lazio), which rejected our appeal. We then appealed to the Council of State, which, after a suspension pending a Constitutional Court review similar to the FM4 proceeding, upheld CONSIP's decision to exclude us and enforce the bid bond. We have filed a further challenge (*impugnazione per revocazione*) before the Council of State, which granted a temporary suspension of the bid bond enforcement on March 24, 2023. The next hearing is scheduled for March 6, 2025.

Pending Legal Proceedings arising from the CONSIP School Contracts Litigation

The CONSIP School Tender ICA decision and the potential enforcement of the CONSIP School Performance Bonds

Following certain proceedings before the ICA, CONSIP terminated a contract awarded to us in the context of a public tender for public schools' cleaning services (the "**CONSIP School Tender**"), pursuant to which we provided cleaning services to over 550 public schools in Italy (the "**CONSIP School Framework Agreement**"). CONSIP also reserved its power to enforce the performance bonds (amounting to approximately €24.5 million) provided in connection with the CONSIP School Contracts (the "**CONSIP School Performance Bonds**"). In 2017, we appealed this termination before the Civil Court of Rome, which rejected our claim on May 30, 2022. We have since appealed this decision to the Rome Court of Appeals and are currently awaiting a ruling. To date, CONSIP has not enforced the CONSIP School Performance Bonds, but CONSIP will likely proceed with the partial enforcement if the Issuer loses the appeal brought before the Rome Court of Appeals. As of September 30, 2024, we recorded provisions for risks and charges of €17.5 million taking into account, *inter alia*, the risk of the possible enforcement of the CONSIP School Performance Bonds.

Court and out-of-court claims arising from the CONSIP School alleged antitrust breach

Certain competitors of the Group (Romeo Gestioni S.p.A. and Blackstone FD Consorzio Stabile) brought a claim against the Issuer (and other players involved in the alleged anti-competitive practices) before the Civil Court of Rome, claiming damages allegedly suffered in connection with the anti-competitive practices addressed by the above-mentioned ICA proceedings. On March 1, 2023, the Court rejected such claim and ordered the plaintiffs to pay a significant amount (considering the market practice) in favor of the Issuer in litigation fees. Such decision has been appealed before the Rome Court of Appeals, with the appellants claiming total damages of at least €32.8 million. The next hearing is scheduled on March 17, 2025.

Two other of the Issuer's competitors (SOFEIN S.p.A. and Exitone S.p.A), on October 19, 2023, brought a claim against the Issuer (and other players involved in the alleged anti-competitive practices) before the Civil Court of Rome, claiming damages allegedly suffered in connection with the alleged anticompetitive practices addressed by the above-mentioned ICA proceedings. The final hearing is scheduled on September 29, 2026.

The exclusion from the "barracks cleaning" and "public hospital cleaning" and related proceedings and potential enforcement of the bid bonds

In connection with the said ICA proceedings, in 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 finally confirmed by the Italian Supreme Court (Corte di Cassazione) in December 2021. Subsequently, CONSIP informed us of its request, addressed to the relevant insurance company, to enforce also the bid bond provided in connection with the tender for the "barracks cleaning". The Issuer challenged these bid bonds enforcement requests made by CONSIP in connection with the Excluded Tenders before the competent administrative courts, which granted a preliminary suspension of the relevant proceeding. The proceeding, which is currently pending before the Council of State, has been suspended for several months 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. In October 2024, the Council of State decided to resume the relevant proceeding, since, in September 2024, the European Court of Justice opined on the same issue concerning the Issuer's case in the context of similar cases and stated that a national law providing for the automatic forfeiture of the bid bond posted by a bidder following their exclusion from a public procurement process is contrary to the principles of EU law. The next hearing before the Council of State is set on March 6, 2025, and we expect the court to apply such favorable principles to its decision in our case.

As of September 30, 2024, we recorded provisions for risks and charges of €17.5 million, taking into account, *inter alia*, the risk of the possible enforcement of the bid bonds provided in connection with the Excluded Tenders.

Moreover, on July 28, 2020, the insurance company that provided the bid bond guarantee for the Issuer, related to the "public hospital cleaning" tender awarded by CONSIP, filed a lawsuit against the Issuer before the competent civil court requesting (i) a payment equal to the amount of the said bid bond guarantee (approximately €10 million), as a provision in case of enforcement by CONSIP; or, alternatively, (ii) to order the Issuer to post a

guarantee in the amount of approximately €10 million in its favour. On November 27, 2023, the said civil court partially upheld the plaintiff's claims, ordering the Issuer to post a guarantee in the amount of approximately €10 million in favour of the plaintiff. The court also ordered the Issuer to pay a penalty of €500 for each day of delay in the fulfilment of such order (starting from the thirtieth day following the notification of the decision). The Issuer did not to fulfil such order and, on April 19, 2024, appealed the relevant decision. On May 23, 2024, the plaintiff filed a cross-appeal, reiterating its request mentioned under (i) above (i.e. the payment of approximately €10 million, a sum equal to the amount of the said bid bond guarantee). On September 24, 2024 the Court of Appeal rejected the Issuer's motion for the suspension of the execution of the first-instance judgement and scheduled a hearing on the merits for June 3, 2025, which has been postponed by the Court to July 8, 2025. The Issuer requested a further postponement because the Issuer believes that the decision that the Council of State will issue following the March 6, 2025 hearing mentioned above may positively influence this proceeding. On October 31, 2024, the insurance company notified the Issuer with a payment request amounting to approximately €155,000 (i.e., the amount of penalties accrued in the period between December 2023 and October 2024). On November 8, 2024, Rekeep paid the requested amount.

Neither of the Excluded Tenders generate revenues for the Group or are included in the Issuer's backlog. Moreover, the Issuer has never operated in the barracks cleaning market segment and, with respect to services in the hospital services sector, the Issuer currently operates with various counterparties and pursuant to various existing contractual relationships, including the contracts executed pursuant to the CONSIP Mies conventions, conventions with regional authorities or pursuant to contracts awarded directly by clients. CONSIP's decision on the Excluded Tenders does not prohibit the Issuer from participating in and winning future tenders arranged by CONSIP or, more generally, arranged by public authorities. Ongoing tender procedures remain valid.

ASP Palermo litigation

We are involved in a mediation proceeding with the Provincial Health Agency of Palermo ("**ASP**"). The temporary association of enterprises ("**ATI**"), formed by Consorzio Integra Società Cooperativa, Siram S.p.A. and Servizi per l'Efficienza e l'Innovazione Energia S.c.a.r.l. (the latter participated by Reekep with a 49% stake), was awarded a contract for managing heating services for ASP Palermo. The ATI is challenging ASP Palermo's demand for €7.4 million in damages for not providing electricity and is seeking €4.5 million for price adjustments. In the context of the mediation, ASP Palermo has agreed to reduce its initial request for penalties to €2 million but has recently requested additional penalties of approximately €3.1 million. Based on our interpretation of the relevant contractual terms, ASP Palermo is not allowed to seek more than €0.65 million in penalties. The next mediation hearing is set for February 21, 2025. ASP has reserved the right to propose a lawsuit before the competent civil courts against the ATI aimed at requesting the relevant judicial authorities to declare the contract between the ASP and the ATI void. As of the date of this Offering Memorandum, the ASP has not initiated any such lawsuit; should a judicial order to return any payment received by the ATI become anytime effective, we believe that we would be able to recover and related costs and losses from Siram S.p.A., given its strong financial standing.

San Martino Hospital litigation

We are currently engaged in litigation with the San Martino Polyclinic Hospital regarding alleged contractual non-compliances. In March 2022, as part of a temporary consortium led by Iren Smart Solution S.p.A. ("**Iren**") and in which we hold a 35% stake, we were awarded multiple contracts by the Health Agency Liguria region for managing healthcare facilities in the region, including the San Martino Polyclinic Hospital in Genoa. The hospital owes us approximately €3.3 million for services rendered. In June 2024, Iren, on behalf of the consortium, initiated legal proceedings to recover this amount. The hospital has counterclaimed, seeking approximately €133.5 million in damages for alleged failures in installing temperature and humidity meters. The first hearing is scheduled for April 2, 2025.

Prelios SGR S.p.A.—Scarmagno Fire—Criminal Proceeding

On March 19, 2013, a fire at the former Olivetti premises in Scarmagno (Turin) led to the destruction of the building and the goods contained therein. The Issuer was performing integrated facility services pursuant to an agreement with Prelios SGR S.p.A. (owner of the building) in such premises. Three of our employees, the owner and two employees of one of our sub-contractors and the owner of the firm that stocked combustible material on site have been charged with arson and violations of safety regulations that allegedly caused the fire before the Criminal Court of Ivrea. The Issuer was sued by the plaintiffs (Prelios SGR S.p.A., Telecom Italia S.p.A., Olivetti S.p.A., Urmet S.p.A., Wirelab S.p.A., and Mr. De Lise), as a severally liable party in respect of all the financial and non-financial damages. The request for damages brought in the context of such criminal proceedings were

equal to approximately €4.5 million (plus any additional damages that can be requested and demonstrated during the proceedings). On February 24, 2017, the Criminal Court of Ivrea full acquitted all the defendants in light of, *inter alia*, the lack of malice on their part. On September 9, 2022, the Turin Criminal Court of Appeals confirmed such first-instance decision.

Moreover, various parties allegedly damaged by the fire accident, and, in certain cases their related insurance companies (including AIG Europe Limited and Generali S.p.A.) brought civil suits as well as out of court requests against the Issuer for damage reimbursement, in relation to damages allegedly caused by the Issuer's employees. As a result of such requests and claims, upon the execution of certain settlement agreements we paid to such claimants an overall amount of approximately €4 million, through amounts made available by the Issuer's insurance company. In such cases, the claimants, while retaining some specific rights of recourse, generally waived their rights to further litigate the relevant matter against the Issuer. In April 2023, one of the plaintiffs who requested damage compensation in the context of above-mentioned criminal proceeding reiterated its request against the Issuer, from a civil liability perspective. However, this party has not initiated any formal civil litigation proceeding aimed at obtaining damage compensation from the Issuer. As of the date of this Offering Memorandum, it is difficult to quantify the exact amount of additional damages, which could still be claimed by other parties allegedly damaged by such fire.

Fatal accident – Municipality of Venice

On April 5, 2024, an employee of Rekeep died following a fall accident occurred while carrying out an inspection on a building in the Municipality of Venice. At this stage, neither Rekeep nor any of its employees, managers and/or legal representatives have been involved in any pending criminal investigation/proceeding in connection thereto.

Naples criminal proceeding

On April 3, 2017, the Naples Public Prosecutor served a search warrant and a notice of a criminal investigation against three current employees and one former employee of the Issuer, and as a result, the Issuer, in its capacity as employer, was also subject to investigation under LD 231, in relation to the alleged bribery by such employees of one or more public officials 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. Works under the project concluded in May 2017. The crime of corruption can trigger administrative liability for the Issuer under LD 231, and at the beginning of May 2017 the Public Prosecutor requested a temporary injunction on the Issuer from contracting with public authorities pending the conclusion of the criminal investigation. Following a hearing on May 26, 2017, the judge rejected the temporary injunction, finding that the conditions for such injunction were not satisfied.

On August 3, 2017, the Judge of the Preliminary Investigations (GIP) dismissed the investigation as to the position of two of the aforementioned employees, while, on December 28, 2017, the competent Judge for the Preliminary Hearing (GUP) proceeded with the indictment of the remaining employee (who, in the meantime, is not an employee of the Group anymore) and the former employee, as well as the Issuer, pursuant to LD 231. The Santobono Hospital has joined the proceeding seeking damages against the Issuer and the two former manager, and, following certain hearings held over the years, the next one is scheduled on February 27, 2025.

If convictions were to be obtained, following final, non-appealable judgments through three levels of courts, these could trigger administrative liability for the Issuer under LD 231, resulting in monetary fines and, in certain cases, temporary prohibitions from entering into contracts with public entities, and/or give the right to certain private sector counterparties, in addition to public ones, to terminate existing contracts.

The Issuer believes that the claims against its employees are groundless. In particular, initial precautionary measures imposed on an employee were subsequently revoked on the basis of the retraction of certain prosecution witness' testimonies. Moreover, in order for liability under LD 231 to attach to the employer, the law requires the conviction of persons among the senior management, which is not the case with respect to the employee and former employee in the case at issue. Similarly, in case of conviction of an employee reporting to a senior manager, the law requires sufficient proof of the weakness of the Issuer's internal controls. In both cases, in order for any prohibition from entering into contracts with public entities to be applied, the Issuer must have derived a material benefit from the criminal behavior of its employees. The Issuer adopted in 2008 (and therefore had in place during the time of the alleged crime) the required internal organizational policies and structures to prevent crimes under LD 231. The Issuer has not established any provisions in its balance sheets in respect thereof.

Perugia Criminal Proceeding

Servizi Ospedalieri, together with certain of its current and former employees (among which, at an early stage, the CEO of Servizi Ospedalieri), regarding their personal criminal liability, was investigated by the Public Prosecutor'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 furniture*). This investigation concerned a case of alleged corruption. In particular, the Public Prosecutor's Office of Perugia alleges that Servizi Ospedalieri made certain hirings upon the referral of certain public officials working with Servizi Ospedalieri's client, who, in turn, allegedly omitted to report certain contractual violations committed by Servizi Ospedalieri. In November 2023, the Public Prosecutor in charge of the case requested the indictment of Servizi Ospedalieri (pursuant to LD 231) and the said individuals originally put under investigation, except for the CEO of Servizi Ospedalieri, whose case was dismissed. The preliminary hearing, originally scheduled on April 11, 2024, is scheduled for February 27, 2025.

STU Golfo Aranci Proceedings

In 2015, we became involved in various civil proceedings initiated by Real Invest S.r.l., Società Centro Residenziale Ingefin S.r.l. and Il Golfo degli Aranci S.r.l. (together, the "**Claimants**") before the Civil Courts of Sassari and Rome, regarding claims for non-contractual damages against us, Centro Immobiliare S.p.A., Prelios S.p.A., Silec S.p.A., MEC S.p.A. and the urban transformation company STU Golfo Aranci S.r.l. The Claimants alleged their illegal exclusion from the private negotiation announced by the Municipality of Golfo Aranci (Sardinia, Italy) to identify the private shareholder of the soon-to-be established urban transformation company (*società di trasformazione urbana*, the "**STU**"). In this regard, the Claimants also brought a legal action against the Municipality of Golfo Aranci before the competent administrative law court alleging the same damages grounded on the same legal arguments, which has been definitively rejected by the relevant administrative court. The legal proceeding before the Civil Court of Rome can be considered closed, as it has never been resumed following a decree issued by the Italian Supreme Court in 2020 confirming the territorial competence of the Civil Court of Rome. The legal proceeding before the Civil Court of Sassari is technically still pending, although there have been no developments since January 2016. The Claimants allege an illegal change in the admission requirements of the identification procedure and that the person employed by the municipal administration to conduct the feasibility analysis was related to the company that later drafted the design for the group which won the private negotiation.

The Claimants allege damages of approximately €300 million. The damages are requested on a joint and several basis from the respondent companies, and we have been summoned in our role as a member of the temporary association of companies as we held a stake of approximately 1.2% in each of the TJA and the STU. We are vigorously defending against such claim, and have already raised significant procedural and substantive issues in our defense. No specific reserve has been set aside for this matter.

Other proceedings concerning health and safety legislation and other investigations or proceedings pending against certain of our employees or former employees which could potentially trigger our liability under LD 231

We are party to various legal proceedings arising in the ordinary course of business concerning the alleged violation of health and safety legislation. Although our legal and financial liabilities with respect to such proceedings cannot be estimated with certainty, based on information available as of the date of this Offering Memorandum and taking into account insurance policies, indemnity agreements and other existing provisions, we do not believe that the outcome of these legal proceedings, individually or in aggregate, will be materially adverse to our business, financial position or results of operations. In addition, the violation of certain of the mentioned health and safety legislation provisions could trigger administrative liability for us under LD 231; however, as of the date of this Offering Memorandum, none of these pending proceedings concerning the breach of health and safety provisions is accompanied by a LD 231 proceeding.

As of the date of this Offering Memorandum, other investigations or proceedings are pending against certain of our employees or former employees for alleged breaches of the applicable regulatory framework in the context of their professional tasks which could potentially trigger our liability under LD 231 (including, among others, environmental and tax related breaches). In particular, while as of the date of this Offering Memorandum we are not involved in any such investigations or proceedings, we cannot provide any assurance that we will not be investigated as the alleged violations under scrutiny fall within the scope of application of LD 231. See "*Risk Factors—Risks Related to Our Business—We may incur liabilities or be excluded from contracting with public authorities for the actions of our employees, managers or agents, including under LD 231/2001*."

MANAGEMENT

The Issuer

The Issuer was incorporated as a private joint stock company (*società per azioni*) under the laws of the Republic of Italy on December 1, 2003, and is registered under number 02402671206 with the Companies Register of Bologna (*Registro delle Imprese di Bologna*). The Issuer's registered office is at Via Ubaldo Poli, 4, 40069 Zola Predosa (BO) and its telephone number is +39 051 351 5111. On July 2, 2018, the Issuer's name was rebranded from "Manutencoop Facility Management S.p.A." to "Rekeep S.p.A."

The Issuer is managed by a Board of Directors (*Consiglio di Amministrazione*) which, within the limits prescribed by Italian law, has the power to delegate its general authority to an executive committee or certain managing directors. The Board of Directors determines the powers of the Chairman. In addition, the Italian Civil Code requires the Issuer to have a Board of Statutory Auditors (*Collegio Sindacale*) which functions as a supervisory body as further described below.

The composition of the Board of Directors of the Issuer is set by its by-laws.

Board of Directors

As of the date of this Offering Memorandum, the Issuer's Board of Directors has seven members. Members of the Board of Directors are appointed by our shareholders at ordinary shareholders' meeting for a three-year term expiring on the date of the ordinary shareholders' meeting called to approve the financial statements for the third financial year of their term. All directors were appointed at the shareholders' meeting held on March 14, 2024, following a decision to strengthen the composition of the Board of Directors. These directors are expected to remain in office until approval by the shareholders of the financial statements for the year ending December 31, 2024.

The following table sets forth the current members of the Board of Directors as of the date of this Offering Memorandum.

Name	Age	Position
Mr. Claudio Levorato	75	Executive Chairman
Mr. Giuliano Di Bernardo	64	Chief Executive Officer
Ms. Linda Faiola	67	Member
Mr. Stefano Donati	52	Member
Mr. Francesco Silvestrini	52	Member – Independent Director
Mr. Paolo Leonardelli	72	Member – Independent Director
Mr. Matteo Tamburini	67	Member – Independent Director

In addition, at the shareholders' meeting held on March 14, 2024, the Board of Directors established the following Board Committees:

- Related Parties Committee (members: Francesco Silvestrini, Matteo Tamburini, and Linda Faiola); Appointments and Remuneration Committee (members: Francesco Silvestrini, Matteo Tamburini, and Linda Faiola);
- Control and Risk – ESG Committee (members: Francesco Silvestrini, Matteo Tamburini, and Linda Faiola).

The Board of Directors also resolved to appoint Renato Marro, Partner of BDO Advisory Services S.r.l., as head of the internal audit function, reporting directly to the Board itself.

Set forth below is certain biographical information relating to the current members of the Issuer's Board of Directors.

Claudio Levorato began his career as a printing worker, and from 1980 to 1984, he was actively involved with the National League of Cooperatives and Mutuals, focusing on transport and logistics, and served as a board member of Interporto S.p.A. From 2003 to 2016, he held the roles of Managing Director and Chairman of the Management Board of Manutencoop Facility Management S.p.A. From 1984 to 2023, he was the Chairman of MSC Società di Partecipazione tra Lavoratori S.p.A. (formerly Manutencoop Società Cooperativa), where he continues to serve as a Board Member. Since March 2024, he has been the Chairman of the Issuer.

Giuliano di Bernardo began his professional carrier as sales supervisor for a newspaper, where he was responsible for sales planning and coordination. Between 1990 and 1996, he undertook the same role for a publishing company and then later for another newspaper. In 1997, he became head of commercial activities for a services consortium and was responsible for commercial development and promotion in the regions of Veneto, Trentino-Alto Adige and Friuli-Venezia-Giulia. Mr. di Bernardo joined MSC in 1999 as head of commercial activities for the Veneto region and, in 2005, he became head of marketing for a casino. In 2006, Mr. di Bernardo took on the role of head of regional promotion and development for the Issuer, and from 2005 to 2010, he has served as assistant to the chairman, upon which time he was appointed Chairman.

Linda Faiola obtained a degree in Economics from Sapienza University of Rome. She is a certified public accountant and independent auditor. In 1981, she began her career at Esso Italiana S.p.A., where she served as the Coordinator of the Financial Reporting, Financial Statements, and P/(L) Analysis office. She then transitioned to a company within the VeGè Group in the large-scale retail trade sector as a management analyst. Since 1992, Ms. Faiola has successfully operated her own firm. In 2017, she joined the Board of Directors of ABC – Azienda Beni Comuni, where she served until 2020. In 2021, she was appointed as a Member of the Board of Directors of Roma Multiservizi S.p.A., a position she held until December 2023. In 2024, she became a Member of the Board of Directors of the Issuer. Throughout her professional journey, Ms. Faiola has developed expertise in judicial matters, serving as a Court-appointed expert in numerous civil actions and as a Party-appointed expert in civil litigation.

Stefano Donati obtained a degree in Economics from the University of Bologna in 1996. Following his graduation, he began his career as a consultant specializing in administration, taxation, and organizational areas. In 2001, he became the Control and Planning Manager of the then Integrated Services Division of Manutencoop Facility Management, now known as Rekeep. Over the years, he has held various managerial positions within several companies of the Rekeep Group. In 2015, he was appointed as the Chief Executive Officer of H2H Facility Solutions and, in 2024, he became Chairman of H2H Digital Solutions and joined the Board of Directors of the Issuer.

Paolo Leonardelli obtained a diploma from the Accounting Technical Institute in 1973. Mr. Leonardelli began his career in 1973 in various administrative roles before becoming the marketing director of Pedus Service P. Dussmann S.r.l. in 1985 where he remained until 2000. Mr. Leonardelli then worked as the development director of Servizi Ospedalieri S.p.A. until December 2004. He first joined the Group in January 2005 as the Director of Marketing and Development of the Issuer. Mr. Leonardelli then worked as the president of Servizi Ospedalieri S.p.A. before rejoining the Issuer in September 2015 as the Director of Investor Relations.

Francesco Silvestrini is a tax and Court of Cassation lawyer, as well as a certified public accountant and independent auditor, who specializes in corporate taxation and tax litigation. He is an active member of the National Association of Italian Tax Lawyers (ANTI) and frequently serves as a speaker at conferences and seminars. Additionally, he holds positions as a statutory auditor and independent auditor for various corporations, entities, and banks. He also serves as an arbitrator on the Arbitration Panel of Cooperation of the Confederation of Italian Cooperatives and is both the president and a member of several arbitration boards.

Matteo Tamburini obtained a degree in Business and Economics from the University of Bologna. He is a registered accountant and served as an assistant to the Chief of Finance and Control at Grandi Lavori S.p.A. from 1981 to 1983. He joined Studio Gnudi in 1983, was elevated to partner in 1988, and practices as a registered accountant focused on international and national tax planning, mergers and acquisitions advisory, company law, tax litigation, restructuring and capital markets transactions.

Board of statutory auditors

General

Pursuant to applicable Italian law, the Issuer has appointed a Board of Statutory Auditors (*Collegio Sindacale*) whose objective is to oversee our compliance with applicable law and with the Issuer's by-laws, monitor the implementation of best practices and assess the adequacy of the internal controls and accounting reporting systems, as well as the adequacy of the supply of information to the Issuer's subsidiaries.

There are presently three auditors and two alternate auditors on the Issuer's Board of Statutory Auditors. Members of the Board of Statutory Auditors are appointed by our shareholders at ordinary shareholders' meetings for a three-year term expiring on the date of the ordinary shareholders' meeting called to approve the financial statements for the third financial year of their term. All members of our Board of Statutory Auditors were

appointed at the shareholders' meeting held on April 28, 2023. Members of the Board of Statutory Auditors may be removed only for a valid reason and with the approval of an Italian court.

The following table sets forth the names, ages and titles of the members of the Issuer's current Board of Statutory Auditors.

Name	Age	Position
Mr. Germano Camellini	78	Chairman
Mr. Marco Benni	60	Auditor
Mr. Giacomo Ramenghi	54	Auditor
Ms. Antonella Musiani	54	Alternate Auditor
Mr. Michele Colliva	76	Alternate Auditor

Senior Management

The following sets forth the members of the senior management of the Issuer (other than the Chairman and Chief Executive Office who are discussed under "—*Board of Directors*.")

The following table sets forth the members of the senior management as of the date of this Offering Memorandum:

Name	Age	Position
Mr. Marco Baroni	62	Finance & Control Director
Mr. Gabriele Stanzani	65	Head of Treasury
Mr. Alessandro Dalla Torre	46	Head of Tax & Administration Services
Ms. Laura Duò	46	Head of Purchases
Mr. Alessandro Miuccio	48	General Manager

Set forth below is certain biographical information relating to the members of our senior management as of the date of this Offering Memorandum.

Marco Baroni obtained his degree in Business and Economics from the University of Pisa in 1981. He joined the Group in September 2024 as Finance & Control Director. Mr. Baroni previously served as Chief Financial Officer at Mantero Seta S.p.A, Itema Group, Zobele Group, Lucart, Brugola OEB Industriale S.p.A. and Talea Group.

Gabriele Stanzani obtained his diploma in accounting and joined the Issuer in 1986. He has been serving as head of Treasury since 2009.

Alessandro Dalla Torre obtained his degree in Business and Economics from the University of Bologna in 1997 and a Master's in Business Administration from the Bologna Business School in 2017. He joined the Issuer in 2006 as a Tax Specialist and was elevated to Head of Tax & Administration Services in 2010. Mr. Dalla Torre previously served as Tax Consultant at KPMG Italy.

Laura Duò obtained a degree in business from the University of Trento in 2002 and an executive master's degree in business administration from the Business School of the University of Bologna in 2003. Ms. Duò joined the Issuer in 2007 and has been serving as head of Purchases since 2015. She previously worked as an auditor at EY.

Alessandro Miuccio obtained his degree in Engineering from the University of Palermo and later pursued a degree in Project Management at the Politecnico di Milano. He worked at Techint from 2002 to 2006, where he held various roles, including Proposal Manager. From 2006 to 2014, he was with Astaldi Concessioni, serving in multiple capacities, including Director of the Italian Market. He joined the Rekeep Group in 2014, where he has held several positions and currently serves as the General Manager.

OUR SHAREHOLDER

As of the date of this Offering Memorandum, the Issuer's share capital amounted to €109,149,600.00 divided into 109,149,600 ordinary shares with a par value of €1.00 each with equal voting and economic rights. As of the date of this Offering Memorandum, MSC owns 100% of the Issuer's ordinary shares.

MSC is a joint stock company pursuant to the laws of the Republic of Italy (*società per azioni*) formed in 1938, originally as a "predominately mutualistic" cooperative, whose current primary corporate purpose is the provision of labor to companies, entities and associations. Other than the Issuer, MSC also holds investments in certain commercial property and agri-business and environmental services companies.

Effective from February 1, 2022, MSC converted from a cooperative into a joint-stock company (*società per azioni*, S.p.A) and as the date of this Offering Memorandum it follows the corporate governance rules provided for such companies in the Italian Civil Code. Upon the conversion of MSC, certain members opted to invest in and acquire shares. To the Issuer's knowledge, there is no shareholders' agreement in place.

The chart below shows the main shareholders of MSC as of the date of this Offering Memorandum:

	Shares	**%**
Claudio Levorato	1,782,077.04	18.63%
Michele Codoni	472,732.61	4.94%
Giuliano di Bernardo	458.187.97	4.79%
Sabrina Bianchi	407,412.30	4.26%
Others	6,446,226.08	67.38%
Total	**9,566,636.00**	**100.00%**

CERTAIN RELATIONSHIPS AND RELATED PARTY TRANSACTIONS

The following sets forth information relating to transactions between us and our related parties. For a description of certain other related party transactions, see footnote 35 to our Audited Consolidated Financial Statements as of and for the year ended December 31, 2023 and footnote 20 to our Unaudited Interim Condensed Consolidated Financial Statements.

We believe that the transactions detailed below and in the footnote referenced above were performed under arm's length market conditions, i.e. in line with conditions that would have applied between non-related parties. No guarantees were given or received in relation to receivables and payables with related parties.

Relationship with MSC

The Issuer may occasionally perform technical services and/or works in favor of individuals who hold senior management positions within MSC or the Group, on the basis of contracts entered into on an arm's length basis. Contract assets against these services equal to €2.4 million (€1.4 million as of December 31, 2023) were recognized as of September 30, 2024.

We maintain a number of contractual arrangements with our shareholder, MSC. We entered into, *inter alia*, service agreements with MSC for the provision of tax consultancy services. Moreover, MSC is contractually committed with the individual companies of the Group to preparing pay packets and rendering other personnel-related services. The Issuer and its subsidiaries are also subject to the management and coordination activities of MSC and pay an aggregated annual fee for these services, which amounted to €1,845 thousand for the twelve months ended September 30, 2024. In December 2024, MSC and the Issuer terminated the prior management and coordination service agreement and entered into a new agreement. Under the new agreement, MSC will provide certain consulting services, including financial data processing e market studies, for an amount of €750 thousand per year. This agreement is retroactive to June 2024 and, accordingly, MSC has issued a credit invoice for the amount the Issuer paid from June to September under the previous agreement.

On July 1, 2022, the Issuer acquired the "Personnel Activities" business unit from MSC. Consequently, from that date onward, MSC no longer performs HR-related activities for the Group.

From time to time, we may enter into lease agreements with MSC with respect to real estate properties on market terms. As of the date of this Offering Memorandum, we entered into a sub-leasing agreement with MSC for the part of the property located in Mestre (VE), via Porto di Cavergnago no. 6, for office use. The sub-lease has a term of six years and is tacitly renewable; it was supplemented with an additional 5-year contract as from January 1, 2023.

Since 2004, we applied the tax consolidation of MSC, pursuant to Article 117 et seq. of the TUIR (*Italian Consolidated Law on Income Tax*). The option is valid for three years, after which it is tacitly renewed, unless it is revoked. It was renewed for the period from 2022 to 2024. MSC as consolidating entity will receive the relevant funds to pay corporate income tax relating to the income generated by the Issuer five days before any payment date (advances or settlement payments). The Issuer is responsible for offsetting the aggregate credit/debit account balance (including that of its subsidiaries) *vis-à-vis* MSC.

The table below sets forth certain information regarding the transactions between the Group and MSC for the periods indicated.

Related party transactions *(in thousands of €)*	Revenue	Costs	Financial Income	Financial Expenses	Trade Receivables	Trade Payables	Financial Receivables and Others	Financial Payables and Others
Year ended December 31, 2021	117	23,031	37	725	1	14,584	3,501	12,747
Year ended December 31, 2022	112	15,364	126	616	477	8,232	1,312	11,100
Year ended December 31, 2023	47	2,800	—	561	14	5,772	1,983	5,426
Nine months ended September 30, 2023	35	2,123	—	366	14	5,772	1,983	5,426
Nine months ended September 30, 2024	35	2,481	1	165	2949	5,395	2,712	7,945

Relationship with other parties

The Group holds majority interests in certain subsidiaries and granted the non-controlling shareholders of such subsidiaries put options (with the Group holding a related call option), such as (i) the put/call option with respect to an additional shareholding in the Rekeep Polska Group, which can be exercised between December 31, 2027 and December 31, 2028 at a price determined on the basis of, and that can vary depending on, certain parameters established in the relevant acquisition agreement; and (ii) the put option enforceable by the minority shareholders

of Rekeep France S.A.S. on the remaining 30% of the share capital. See Note 11 of the Unaudited Interim Condensed Consolidated Financial Statements as of and for the nine months ended September 30, 2024 for a more detailed description of such arrangements. See "*Management's discussion and analysis of financial condition and results of operations—Critical Accounting Policies*" and "*Risk Factors—Risks related to our business—We may face cash expenses in connection with the put option granted to Rekeep Polska's non-controlling shareholder.*"

DESCRIPTION OF CERTAIN FINANCING ARRANGEMENTS

The following is a summary of the material terms of our principal financing arrangements after giving effect to the Transactions. The following summaries do not purport to describe all the applicable terms and conditions of such arrangements and are qualified in their entirety by reference to the actual agreements. For further information regarding our existing indebtedness, see "Use of Proceeds", "Capitalization" and "Management's Discussion and Analysis of Financial Condition and Results of Operations."

Revolving Credit Facility Agreement

As of the date of this Offering Memorandum, we have entered into a new revolving credit facility agreement with several lenders, including the Initial Purchasers or certain of their affiliates, in a principal amount of €55.5 million to replace the 2021 Revolving Credit Facility Agreement (the "**Revolving Credit Facility Agreement**"). The Revolving Credit Facility Agreement is expected to replace the 2021 Revolving Credit Facility Agreement on or about the Issue Date, subject to the satisfaction of certain customary closing conditions (including the successful closing of the offering of the Notes).

The Revolving Credit Facility contains the following principal terms:

Repayments and Prepayments

The Revolving Credit Facility will mature on the earlier of (i) the date falling 48 Months after the Issue Date; and (ii) the date falling six months prior to the scheduled maturity of the Notes.

Subject to certain conditions, we may voluntarily prepay our utilizations and/or permanently cancel all or part of the available commitments under the Revolving Credit Facility by giving three business days' (or such shorter period as the required majority of lenders under the Revolving Credit Facility Agreement agree) prior notice to the RCF Agent. We may reborrow amounts repaid, subject to certain conditions, until one month prior to maturity.

In addition to voluntary prepayments, the Revolving Credit Facility Agreement requires mandatory prepayment in full or in part (including, at the option of a Lender electing to be mandatorily prepaid) in certain circumstances, including, subject to certain conditions, following a Debt Repurchase (as defined in the Revolving Credit Facility Agreement), if all or substantially all of the business and assets of the group taken as a whole are sold, or upon the occurrence of a Change of Control (as defined in the Revolving Credit Facility Agreement). Moreover, the Revolving Credit Facility Agreement requires the permanent cancellation of certain commitments following a Specified Asset Disposal for which the Issuer or any of its Restricted Subsidiaries receives Specified Asset Disposal Sale Proceeds, with such commitments being partially cancelled (and repayment of drawn loans related thereto using such Specified Asset Disposal Sale Proceeds) in an aggregate principal amount equal to 0.285% multiplied by the total Revolving Credit Facility commitments by reference to a certain point in time and dependent on whether the Revolving Credit Facility Reduction Date (as defined below) has occurred, in each case, multiplied by the aggregate amount of the relevant Specified Asset Disposal Sale Proceeds divided by 1,000,000. Further, to the extent Revolving Credit Facility commitments have not been reduced beforehand, the Revolving Credit Facility Agreement requires the permanent cancellation of certain commitments (and repayment of drawn loans related thereto) on the date falling 30 months after the Issue Date (the "**Revolving Credit Facility Reduction Date**"), such that the overall commitments under the Revolving Credit Facility Agreement do not exceed 67% of the greater of (a) the total Revolving Credit Facility commitments as at the Issue Date and (b) the total Revolving Credit Facility commitments as at the date falling 30 months after the Issue Date.

The "Change of Control" definition in the Revolving Credit Facility Agreement is the same as the "Change of Control" definition contained in the Indenture but with additional limbs that are customary for bank financings.

Interest and Fees

The Revolving Credit Facility bears interest at a rate per annum equal to EURIBOR and a margin that will be 4.00% per annum. We are also required to pay a commitment fee, quarterly in arrears, on available but unused commitments under the Revolving Credit Facility Agreement at a rate of 1.20% per annum. We are also required to pay an arrangement fee and certain fees to the RCF Agent and the Security Agent in connection with the Revolving Credit Facility.

Security and Guarantees

Subject to the agreed security principles that apply to the Revolving Credit Facility Agreement, the Issuer and - no later than 10 Business Days following the Issue Date – Servizi Ospedalieri and Teckal will become guarantors in respect of the Revolving Credit Facility on a first ranking basis.

The Issuer will be the original borrower under the Revolving Credit Facility. The Revolving Credit Facility (subject to certain agreed security principles set out in the Revolving Credit Facility Agreement and the Italian Golden Power Clearance) will be secured as further described in the section entitled "*Description of the Notes—Security*" and the granting or reconfirming (as applicable) of the Collateral and the special lien (*privilegio speciale*) securing the Revolving Credit Facility is a condition subsequent under the Revolving Credit Facility.

Covenants

The Revolving Credit Facility Agreement contains customary positive and negative covenants (including information undertakings and restrictive covenants that will largely replicate those contained in the Indenture together with a restriction on which members of the Group can incur certain indebtedness), subject to certain agreed exceptions.

One of these covenants requires the group to observe a coverage test in relation to the Guarantors. Pursuant to this test, the Issuer has to ensure that the aggregate of Consolidated EBITDA (as defined in the Revolving Credit Facility Agreement) of the Guarantors, taking each wholly-owned entity on an unconsolidated basis and excluding all intra-group items and investments in subsidiaries of any member of the group, represents 80 per cent. or more of the Consolidated EBITDA of the group, by reference to most recent annual audited consolidated financial statements delivered to the RCF Agent.

The Revolving Credit Facility Agreement also requires the group to observe a Consolidated Net Leverage Ratio (as defined in the Revolving Credit Facility Agreement) covenant. In this respect, the group's financial and operating performance is monitored by a financial covenant, which requires us to ensure that Consolidated Net Leverage Ratio (as defined in the Revolving Credit Facility Agreement) for each relevant period shall not be greater than, on or prior to a Specified Asset Disposal, 5.70:1, or following the occurrence of a Specified Asset Disposal, such level assuming 30% headroom (based on EBITDA under-performance) on Consolidated Net Leverage Ratio as at the date of such Specified Asset Disposal, immediately after giving pro forma effect to the relevant Specified Asset Disposal, any cancellation of Revolving Credit Facility commitments and any redemption of the Notes. This financial covenant will be tested quarterly on a rolling 12-month basis if the aggregate outstanding amount of all utilizations under the Revolving Credit Facility as of the last day of any relevant period (including letters of credit but excluding certain customary non-cash utilizations) exceeds 35 per cent. of the greater of (i) the total commitments at such time, and (ii) the total commitments as at the Issue Date.

In addition, the Revolving Credit Facility Agreement requires the provision of customary financial and other information to the Revolving Lenders and customary equity cure provisions.

Events of Default

The Revolving Credit Facility Agreement contains customary events of default (subject in certain cases to agreed grace periods, thresholds and other qualifications), including a cross-default with respect to an event of default under, and as defined in, the Indenture, the occurrence of which would in each case allow the Revolving Lenders to accelerate all or part of the outstanding utilizations and/or terminate their commitments and/or declare all or part of their utilizations payable on demand and/or declare that cash cover in respect of ancillary facilities and outstanding letters of credit is immediately due and payable or is payable on demand and/or instruct the Security Agent to enforce the Collateral.

Governing Law

The Revolving Credit Facility Agreement is governed by English law although certain information undertakings, restrictive covenants and certain events of default, which are included in schedules to the Revolving Credit Facility Agreement and largely replicate those contained in the Indenture, are interpreted in accordance with New York law (without prejudice to the fact that the Revolving Credit Facility Agreement is governed by English law).

Intercreditor Agreement

To establish the relative rights of the Senior Secured Creditors (as defined below), the Issuer and Servizi Ospedalieri in respect of the Notes and any obligor in respect of the Revolving Credit Facility, the Intra-Group Lenders (as defined below) and the Shareholder Creditors (as defined below) entered into an intercreditor

agreement dated January 28, 2021. It is intended that (i) on or prior to the Issue Date, the Trustee will accede to the Intercreditor Agreement as a creditor representative of the holders under the Notes; and (ii) no later than 10 Business Days following the Issue Date, Teckal will accede to the Intercreditor Agreement. By accepting a Note, the holder thereof shall be deemed to have agreed to, and accepted the terms and conditions of, the Intercreditor Agreement.

The following description is a summary of certain provisions, among others, that are contained in the Intercreditor Agreement and which relate to the rights and obligations of the holders of the Notes. It does not restate the Intercreditor Agreement in its entirety. As such, you are urged to read the Intercreditor Agreement because it, and not the description that follows, defines certain rights of the holders of the Notes. Unless expressly stated otherwise in the Intercreditor Agreement, in the event of a conflict between the terms of the Revolving Credit Facility, the Indenture and the Intercreditor Agreement, the provisions of the Intercreditor Agreement will prevail. Defined terms not defined herein shall have the meanings ascribed to them in the Intercreditor Agreement, and as a general matter the following terms have the following meanings:

"**Financial Advisor**" means an internationally recognized investment bank or accountancy firm or, if it is not practicable for the Security Agent to appoint any such bank or firm on commercially reasonable terms (including for reasons of conflicts of interest) as determined by the Security Agent (acting in good faith), another third party professional firm which is regularly engaged in providing valuations in respect of the relevant type of assets and with experience in restructuring and enforcement (in each case not being the firm appointed as any debtor's or a Holdco's administrator or other relevant officer holder) selected by the Security Agent.

"**Holdcos**" means, together, each Third Party Chargor and each Senior Subordinated Debt Issuer.

"**Majority Senior Secured Creditors**" means the Senior Secured Notes/Pari Passu Required Holders.

"**Majority Senior Subordinated Debt Creditors**" means at any time the Senior Subordinated Debt Creditors (as defined below) who, at that time, aggregate more than 50% by value of the Senior Subordinated Debt Creditors at that time.

"**Pari Passu Debt Creditor**" means a creditor of any Pari Passu Liabilities and their respective creditor representative.

"**Pari Passu Debt Document**" means a document or instrument entered into between any members of the Group or a Third Party Chargor and a Pari Passu Debt Creditor setting out the terms of any loan, credit or guarantee facility, notes, indenture or security which creates or evidences any Pari Passu Liabilities.

"**Senior Secured Debt Documents**" means the finance documents under the Revolving Credit Facility, the other Credit Facility Documents (as defined below), the Hedging Agreements (as defined below), the Senior Secured Notes Documents (as defined below) and the Pari Passu Debt Documents.

"**Senior Secured Debt Event of Default**" means an event or circumstance specified as an event of default under any of the Senior Secured Debt Documents.

"**Senior Secured Notes/Pari Passu Required Holders**" means, at any time, those Senior Secured Creditors (as defined below) who, at that time, aggregate more than 50% by value of the Senior Secured Creditors at that time.

"**Senior Subordinated Debt**" means the liabilities which are issued or borrowed by the Senior Subordinated Debt Issuer (as defined below) in respect of any loan, credit or guarantee facility, notes, indenture or security which are permitted to be incurred under the terms of the Senior Secured Debt Documents and comply with the agreed major terms and which are notified to the Security Agent by the Issuer in writing as indebtedness to be treated as "Senior Subordinated Debt" provided that the Senior Subordinated Debt Creditors (as defined below) (or a trustee on their behalf) have acceded to the Intercreditor Agreement in accordance with the terms of the Intercreditor Agreement, together with any related additional liabilities.

"**Senior Subordinated Debt Issuer**" means any holding company of the Issuer (or a finance subsidiary of such holding company) which is not a member of the Group, a restricted subsidiary or a sponsor affiliate which has acceded to the Intercreditor Agreement in its capacity as a Senior Subordinated Debt Issuer in accordance with the terms of the Intercreditor Agreement.

"**Senior Subordinated Debt Issuer Liabilities**" means the Shareholder Liabilities owed (directly or indirectly) to the Senior Subordinated Debt Issuer by the Parent or any other member of the Group (including but not limited

to those owed by the Parent to the Senior Subordinated Debt Issuer under or in connection with any proceeds loan and declared dividends to the Senior Subordinated Debt Issuer).

"**Senior Subordinated Debt Required Holders**" means in respect of any direction, approval, consent or waiver, the Senior Subordinated Debt Creditors of the principal amount of Senior Subordinated Debt required to vote in favour of such direction, consent or waiver under the terms of the relevant Senior Subordinated Debt Documents or, if the required amount is not specified, the holders holding at least the majority of the principal amount of the then outstanding Senior Subordinated Debt, in accordance with the relevant Senior Subordinated Debt Documents. For the avoidance of doubt, in determining whether the Senior Subordinated Debt Creditors of the required principal amount of Senior Subordinated Debt have concurred in any direction, waiver or consent, Senior Subordinated Debt owned by a Senior Subordinated Debt Issuer or any Debtor, or by any person directly or indirectly controlling or controlled by or under direct or indirect common control with a Senior Subordinated Debt Issuer or any Debtor, will be considered as though not outstanding.

"**Shared Charged Property**" means all of the assets which from time to time are, or are

expressed to be, the subject of the Shared Security.

"**Shared Security**" means:

(a) in the case of Senior Subordinated Debt which is not secured by any assets owned by a member of the Group, the security (if any) granted in favour of the Security Agent under the Transaction Security Documents over shares of any class, loans, bonds or other equity or debt instruments issued by the Issuer and over any Senior Subordinated Debt Issuer Liabilities (as defined below) owed by the Parent; or

(b) in the case of Senior Subordinated Debt which is secured by assets owned by a member of the Group, the security granted in favour of the Security Agent under the Transaction Security Documents on a junior basis as described below under "*—Transaction Security*".

"**Third Party Chargor**" means: (a) the Initial Investor and (b) any each entity that has provided Transaction Security over any or all of its assets in respect of the obligations of any of the Debtors under any of the Secured Debt Documents but is not a Debtor in respect of any of the liabilities under the Debt Documents and which has acceded to the Intercreditor Agreement as a Third Party Chargor

Overview

The Intercreditor Agreement sets out, among other things:

- the relative ranking of certain debt of the Issuer and certain of its subsidiaries with regard to the liabilities of the Group in respect of (i) the Revolving Credit Facility and the other Credit Facility Liabilities (as defined below), (ii) the Senior Secured Notes Liabilities (as defined below), (iii) the Senior Subordinated Debt Guarantee Liabilities (as defined below), (iv) the Pari Passu Liabilities (as defined below), (v) certain liabilities and obligations incurred under or in connection with any interest rate and exchange rate hedging agreements (each a "**Hedging Agreement**"), together with any related additional liabilities (together, the "**Hedging Liabilities**") and (vi) certain intra-group indebtedness (the "**Intra-Group Liabilities**") under the intra-group debt documents (the "**Intra-Group Debt Documents**") and certain liabilities (the "**Shareholder Liabilities**") owed by any member of the Group or any unrestricted subsidiary to certain direct and indirect shareholders of the Issuer (each a "**Shareholder Creditor**") under the shareholder debt documents (the "**Shareholder Debt Documents**") (the Intra-Group Liabilities and the Shareholder Liabilities together, the "**Subordinated Liabilities**");

- when payments can be made in respect of certain indebtedness of the Group, including the Revolving Credit Facility, the Notes, the Senior Subordinated Debt, the Intra- Group Liabilities and the Shareholder Liabilities;

- when enforcement action ("**Enforcement Action**") can be taken in respect of the Transaction Security (as defined below) by (i) the lenders under the Revolving Credit Facility, the creditors of the other Credit Facility Liabilities and the counterparties to certain Hedging Liabilities subject to a cap of € 10 million (such liabilities, "**Super Senior Hedging Liabilities**") and their respective creditor representatives (together, the "**Super Senior Creditors**") and (ii) the holders of the Existing Notes (the "**Senior Secured Noteholders**"), the Trustee, each counterparty to the Hedging Liabilities that are not Super Senior Hedging Liabilities (such liabilities, "**Senior Secured Hedging Liabilities**") and the Pari Passu Debt Creditors (together, the "**Senior Secured Creditors**");

- the requirement for the Super Senior Creditors and the Senior Secured Creditors to turnover amounts received from enforcement of the Transaction Security, among other things;
- when the Transaction Security and the Guarantees will be released to permit an enforcement sale; and
- the terms pursuant to which any future Senior Subordinated Debt will be subordinated including, but not limited to, indebtedness owing to the Senior Secured Creditors.

The Intercreditor Agreement also contains provisions related to future additional indebtedness permitted to be incurred by members of the Group under the terms of each of the Revolving Credit Facility Agreement, the Intercreditor Agreement, the documents creating the Transaction Security (the "**Transaction Security Documents**") and the Indenture (including any senior secured notes issued after the Issue Date pursuant to the Indenture). Such future additional indebtedness may also be secured by the Transaction Security. Such indebtedness may either, with respect to enforcement of Transaction Security (and the proceeds thereof): (i) have equivalent rights to the Senior Secured Noteholders under the Intercreditor Agreement, in which case it will vote in, and share in the proceeds of enforcement with, the same class of creditors as the Senior Secured Noteholders (the "**Pari Passu Liabilities**"); or (ii) rank senior to the Senior Secured Notes Liabilities (as defined below), in which case it will vote in, and share in the proceeds of enforcement with, the same class of creditors as the lenders under the Revolving Credit Facility.

It is intended that, for the purposes of the Intercreditor Agreement: (w) the Notes shall constitute Pari Passu Liabilities; (x)the holders of the Notes shall constitute Pari Passu Debt Creditors; (y) the Indenture shall constitute a Pari Passu Debt Document; and (z) the Trustee shall constitute a representative of the holders of the Notes.

Ranking and Priority

The Intercreditor Agreement provides that (i) the liabilities owed by the debtors under or in connection with the Revolving Credit Facility Agreement and any other indebtedness which ranks senior to the Senior Secured Notes Liabilities with respect to the proceeds of any enforcement of Transaction Security (a "**Credit Facility**") (excluding any Hedging Liabilities, the "**Credit Facility Liabilities**"), (ii) the Super Senior Hedging Liabilities (together, with the Credit Facility Liabilities, the "**Super Senior Liabilities**"), (iii) the liabilities (the "**Senior Secured Notes Liabilities**") owed by the Issuer and the debtors under the Intercreditor Agreement to the Senior Secured Noteholders and the common representative for the Senior Secured Noteholders (the "**Senior Secured Notes Trustee**") (together, the "**Senior Secured Notes Creditors**") under each of the indenture in respect of the Existing Notes, the Existing Notes, the Intercreditor Agreement, the Guarantees, the Transaction Security Documents and any other document designated as such by the Issuer and the Senior Secured Notes Trustee (together, the "**Senior Secured Notes Documents**"), (iv) the Senior Secured Hedging Liabilities, (v) the Pari Passu Liabilities (together, with the Senior Secured Notes Liabilities and the Senior Secured Hedging Liabilities, the "**Senior Secured Liabilities**"), (vi) the liabilities of a member of the Group that is a guarantor or provides an indemnity to the Senior Subordinated Debt Creditors (as defined below) for the Senior Subordinated Debt Liabilities (as defined below) (a "**Senior Subordinated Debt Guarantor**") owed to any Senior Subordinated Debt Creditor under or in connection with the Senior Subordinated Debt Documents (as defined below) (the "**Senior Subordinated Debt Guarantee Liabilities**") and (vii) the Subordinated Liabilities, will rank in the following order:

- *first*, the Super Senior Liabilities and the Senior Secured Liabilities *pari passu* and without any preference between them;
- *second*, the Senior Subordinated Debt Guarantee Liabilities *pari passu* between themselves and without any preference between them;
- *third*, the Senior Subordinated Debt Issuer Liabilities; and
- *fourth,* the Subordinated Liabilities (excluding the Senior Subordinated Debt Issuer Liabilities).

Transaction Security

Subject to certain agreed security principles and/or to the extent legally possible (as the case may be), the lenders under the Revolving Credit Facility, the creditors of the other Credit Facility Liabilities, the counterparties to Hedging Liabilities (each a "**Hedge Counterparty**"), the Senior Secured Noteholders, the Pari Passu Debt Creditors and, to the extent only of any Shared Security, the Senior Subordinated Debt Creditors may take, accept

or receive the benefit of security interests over certain assets and property of any member of the Group (including a security interest over the shares of the Issuer) (together, the "**Transaction Security**").

The Intercreditor Agreement provides that the Transaction Security created pursuant to the Transaction Security Documents shall rank and secure the following liabilities in the following order, *first*, the Super Senior Liabilities, the Senior Secured Notes Liabilities, the Hedging Liabilities (to the extent not already included in the Super Senior Liabilities) and the Pari Passu Liabilities *pari passu* and without any preference between them (in each case, only to the extent such Transaction Security is expressed to secure those liabilities) and *second*, to the extent only of any Shared Security, the Senior Subordinated Debt Liabilities *pari passu* and without any preference amongst them (but only to the extent that such Transaction Security is expressed to secure those liabilities).

Unless there is a legal restriction on doing so, the Security Agent shall hold the Transaction Security for the benefit of the lenders under the Revolving Credit Facility, the Arrangers, the Hedge Counterparties, the Pari Passu Debt Creditors, the Senior Secured Noteholders and, to the extent only of any Shared Security, the Senior Subordinated Debt Creditors.

The proceeds from the enforcement of the Transaction Security are to be applied as described below under "—*Enforcement of Transaction Security—Waterfall*".

Restrictions on Payments; Subordination

The Intercreditor Agreement provides that payments may be made in respect of the Revolving Credit Facility, the Existing Notes and the Notes in accordance with the terms of the Revolving Credit Facility Agreement, the Senior Secured Notes Documents and the Pari Passu Debt Documents respectively.

Senior Subordinated Debt Liabilities

Prior to the discharge of all Senior Secured Liabilities and all Super Senior Liabilities, the Issuer shall not (and the Issuer shall ensure that no member of the Group will) may make payments in respect of the liabilities (the "**Senior Subordinated Debt Liabilities**") owed by the Senior Subordinated Debt Issuer and the debtors under the Intercreditor Agreement to the creditors of the Senior Subordinated Debt and each of their respective creditor representative(s) (the "**Senior Subordinated Debt Representative(s)**") (together, the "**Senior Subordinated Debt Creditors**") under each document or instrument entered into between any Senior Subordinated Debt Issuer and/or any member of the Group and a Senior Subordinated Debt Creditor setting out the terms of any loan, credit or guarantee facility, notes, indenture, guarantee or security which creates or evidences any Senior Subordinated Debt (together, the "**Senior Subordinated Debt Documents**") without the consent of (prior to the later of the Credit Facility Discharge Date and Hedging Discharge Date) the Majority Super Senior Debt Creditors and (prior to the later of the Senior Secured Notes Discharge Date and the Pari Passu Debt Discharge Date) the Majority Senior Secured Creditors, except for the following:

if:

(1) (a) the payment is:

(i) any of the principal or interest (including capitalized interest) amount of the Senior Subordinated Debt Liabilities which is either (1) not prohibited from being paid by any Senior Secured Debt Document or (2) is paid on or after the final maturity of the Senior Subordinated Debt Liabilities; or

(ii) any other amount which is not an amount of principal or capitalized interest in accordance with the terms of the Senior Subordinated Debt Documents;

or, in each case, a corresponding amount made by the Issuer of Shareholder Liabilities owed (directly or indirectly) to the Senior Subordinated Debt Issuer by the Issuer or any other member of the Group ("**Senior Subordinated Debt Issuer Liabilities**"); and

(b) no notice delivered pursuant to the terms of the Intercreditor Agreement blocking payments in respect of the Senior Subordinated Debt Liabilities (a "**Payment Blockage Notice**") is outstanding; and

(c) no payment default under the Revolving Credit Facility or any other Credit Facility Document and no payment default of € 100,000 or more in respect of the Senior Secured Liabilities or Pari Passu Liabilities has occurred and is continuing (a "**Senior Payment Default**"); or

(2) if the Majority Super Senior Creditors and the Majority Senior Secured Creditors give prior consent to that Payment being made; or

(3) payments made after a Payment Blockage Notice has ceased to be outstanding of amounts that had accrued but remain unpaid whilst that Payment Blockage Notice was outstanding; or

(4) certain amounts due to the Senior Subordinated Debt Representative for its own account; or

(5) properly incurred costs, commissions, taxes, consent fees and expenses incurred in respect of (or reasonably incidental to) the Senior Subordinated Debt Documents (including in relation to any reporting or listing requirements under the Senior Subordinated Debt Documents); or

(6) costs, commissions, taxes, premiums and any expenses incurred in respect of (or reasonably incidental to) any refinancing of the Senior Subordinated Debt in compliance with the Intercreditor Agreement, the Revolving Credit Facility or Credit Facility documents, the Indenture and any Pari Passu Debt Document; or

(7) the payment is funded directly or indirectly with Senior Subordinated Debt; or

(8) it is any other amount not exceeding €1,000,000 (or its equivalent) over the life of the Senior Subordinated Debt.

For the avoidance of doubt, a Senior Subordinated Debt Issuer may make any payments in respect of the Senior Subordinated Debt Liabilities at any time in accordance with the terms of the Senior Subordinated Debt Documents in its capacity as a borrower or issuer thereunder.

Prior to the discharge of all Senior Secured Liabilities and all Super Senior Liabilities, if a Senior Secured Debt Payment Default (as defined in the Intercreditor Agreement) has occurred and is continuing or a Senior Secured Debt Event of Default (as defined in the Intercreditor Agreement) (other than a Senior Secured Debt Payment Default (as defined in the Intercreditor Agreement)) has occurred and is continuing and the Senior Subordinated Debt Representative has been delivered a Payment Blockage Notice from either the Issuer, the Security Agent and the Credit Facility Agent or the Trustee or the representative of the future Pari Passu Liabilities representing future Pari Passu Liabilities (as the case may be) (the "**Relevant Representative**") within 60 days of the date such Relevant Representative receives notice in writing of the occurrence of such Senior Secured Debt Event of Default and specifying the relevant Senior Secured Debt Event of Default, all payments in respect of the Senior Subordinated Debt Liabilities (other than those consented to by the Majority Super Senior Creditors and Majority Senior Secured Creditors and other than in respect of certain amounts due to the Senior Subordinated Debt Representative for its own account) are suspended until the earliest of:

(i) the date on which a Senior Subordinated Debt Default (as defined in the Intercreditor Agreement) occurs for failure to pay principal at the original scheduled maturity of the Senior Subordinated Debt;

(ii) the date falling 179 days after delivery of the Payment Blockage Notice;

(iii) if a Standstill Period (as defined below) is in effect at any time after delivery of a Payment Blockage Notice, the date on which the Standstill Period expires;

(iv) the date on which the relevant event of default is no longer continuing and if the relevant Senior Secured Liabilities and/or Super Senior Liabilities (as applicable) have been accelerated, such acceleration has been rescinded

(v) the date on which the Relevant Representative which issued the Payment Blockage Notice (and, if at such time Senior Secured Debt Event of Default is continuing (other than in relation to the debt in respect of which the notice was given), the Relevant Representative(s) in respect of that other debt) notify/ies the Senior Subordinated Debt Representative, the Issuer and the Security Agent that the Payment Blockage Notice is cancelled;

(vi) the repayment and discharge of all obligations in respect of the Senior Secured Liabilities and all Super Senior Liabilities; or

(vii) the date on which the Security Agent or Senior Subordinated Debt Representative takes any Enforcement Action against a member of the Group which it is permitted to take in accordance with the Intercreditor Agreement.

No Payment Blockage Notice may be served by a Relevant Representative unless 360 days have elapsed since the immediately prior Payment Blockage Notice. No Payment Blockage Notice may be served in respect of a Senior Secured Debt Event of Default more than 60 days after the date that the Relevant Representative received notice of that Senior Secured Debt Event of Default.

If a Payment Blockage Notice ceases to be outstanding or the relevant Senior Secured Debt Event of Default or Senior Payment Default has ceased to be continuing (by being waived by the relevant creditors/ creditor's representative or remedied) the relevant debtor may then make those payments it would have otherwise been entitled to pay under the Senior Subordinated Notes and if it does so promptly any event of default under the Senior Subordinated Debt caused by such delayed payment shall be waived and any notice commencing a Standstill Period which may have been issued as a result of such non-payment shall be waived. A Senior Payment Default is remedied by the payment of all amounts then due.

Restrictions on Enforcement by the Senior Subordinated Debt Creditor; Senior Subordinated Debt Standstill

Prior to the discharge of all Senior Secured Liabilities and all Super Senior Liabilities, no Senior Subordinated Debt Creditor may take any Enforcement Action in relation to the Senior Subordinated Debt Guarantee Liabilities or against a Third Party Chargor without the prior consent of or as required by (prior to the later of the Credit Facility Discharge Date and the Hedging Discharge Date) the Majority Super Senior Debt Creditors and (prior to the later of the Senior Secured Notes Discharge Date and the Pari Passu Debt Discharge Date) the Majority Senior Secured Creditors, except:

(a) if:

(i) an event of default under the Senior Subordinated Debt Documents is continuing;

(ii) the Credit Facility Agent and the other representatives of the Senior Secured Liabilities have received notice of the specified event of default from the Senior Subordinated Debt Representative;

(iii) a Standstill Period (as defined below) has expired; and

(iv) the relevant event of default is continuing at the end of the Standstill Period,

provided that no such Enforcement Action may be taken if the Security Agent is taking Enforcement Action or acting in accordance with the instructions of the Instructing Group to take steps for Enforcement and such action might reasonably likely adversely affect such Enforcement Action or enforcement by the Security Agent; and/or

(b) (only to the extent not restricted by the proviso below) against a Senior Subordinated Debt Issuer in its capacity as borrower or issuer of Senior Subordinated Debt, provided that no Senior Subordinated Debt Creditor shall direct the Security Agent to enforce or otherwise (to the extent applicable) require the enforcement of any Transaction Security Document, except as permitted under paragraph (a) above.

A "**Standstill Period**" shall mean the period starting on the date that the Senior Subordinated Debt Representative serves an enforcement notice on the Credit Facility Agent, the Senior Secured Notes Trustee and the representative of any future Pari Passu Liabilities until the earliest of:

(a) the date falling 179 days after such date;

(b) the date on which the Security Agent takes any Enforcement Action in relation to a Senior Subordinated Debt Guarantor or Third Party Chargor provided however that if a Standstill Period ends pursuant to this paragraph (b), the Senior Subordinated Debt Creditors may only take the same Enforcement Action in relation to the same entity as the Enforcement Action taken by the Security Agent and may not take any other Enforcement Action against any other member of the Group or any Holdco and Enforcement Action for the purpose of this paragraph (b) shall not include action taken to preserve or protect any Security as opposed to realize it;

(c) the date on which an insolvency event occurs in respect of a Senior Subordinated Debt Guarantor (other than an insolvency event precipitated directly or indirectly by a Senior Subordinated Debt Creditor) against whom Enforcement Action is to be taken provided that the Senior Subordinated Debt Creditors may only take Enforcement Action against that particular Senior Subordinated Debt Guarantor and not against any other member of the Group; and

(d) the expiration of any other Standstill Period which was outstanding at the date that the current Standstill Period commenced (other than as a result of a cure, waiver or permitted remedy thereof).

Intra-Group Liabilities

The Intercreditor Agreement permits payments from time to time when due in respect of Intra-Group Liabilities ("**Intra-Group Liabilities Payments**") if:

(a) at the time of payment, the indebtedness due in respect of the Revolving Credit Facility and the other Credit Facility Liabilities, the Notes, any Pari Passu Liabilities and Senior Subordinated Debt Liabilities have not been accelerated (if accelerated, each, an "**Acceleration Event**"); or

(b) if an Acceleration Event has occurred and is continuing:

(i) prior to the date on which all Super Senior Liabilities are discharged (the "**Super Senior Debt Discharge Date**"), the relevant Instructing Group (as defined below) has consented to the payment being made; or

(ii) on or after the Super Senior Debt Discharge Date but prior to the date on which all Senior Secured Liabilities are discharged (the "**Senior Secured Debt Discharge Date**"), the Majority Senior Secured Creditors consent to the payment being made; or

(iii) on or after the later of the Super Senior Debt Discharge Date and the Senior Secured Discharge Date but prior to the Senior Subordinated Discharge Date, the Majority Senior Subordinated Debt Creditors consent to the payment being made; or

(iv) to the extent such payment is made to facilitate payment of the Super Senior Liabilities and/or the Senior Secured Liabilities; or

(v) to the extent such payment is made to facilitate payment of the Senior Subordinated Debt Liabilities that are permitted to be paid under the terms of the Intercreditor Agreement.

Shareholder Liabilities

The Intercreditor Agreement permits payments to be made on Shareholder Liabilities from time to time when due if:

(a) the payment is not prohibited by the Revolving Credit Facility Agreement and the other Credit Facility Documents (as defined below), the Senior Secured Notes Documents or the Pari Passu Debt Documents; or

(b) in respect of Senior Subordinated Debt Issuer Liabilities, the payment is equal to the amount of (and applied towards) a payment in respect of Senior Subordinated Debt Liabilities which is then due by a Senior Subordinated Debt Issuer, which is a payment referred to and which is permitted by the restrictions on payments described in "—Senior Subordinated Debt Liabilities" above to be made at the time; or

(c) prior to the Super Senior Debt Discharge Date, the Instructing Group gives written consent to such payment being made; or

(d) on or after the Super Senior Debt Discharge Date but prior to the Senior Secured Debt Discharge Date, the Majority Senior Secured Creditors give written consent to such payment being made; or

(e) on or after the Senior Secured Debt Discharge Date but prior to the Senior Subordinated Debt Discharge Date, the Majority Senior Subordinated Debt Creditors give written consent to the payment being made.

No release or discharge of any Shareholder Liabilities of a member of the Group in consideration for the issue of shares in that member of the Group shall be restricted by the above prior to an Acceleration Event.

Enforcement of Transaction Security

The Security Agent may refrain from enforcing the Transaction Security or taking any other enforcement action unless otherwise instructed by:

(a) the Instructing Group (as further described in "—Super Senior Creditors and Senior Secured Creditors" and "—Super Senior Creditors and Senior Secured Creditors—Enforcement decisions" below); or

(b) in certain circumstances in respect of the enforcement of the Shared Security, the Senior Subordinated Debt Representative(s) (acting on the instructions of the Senior Subordinated Debt Required Holders).

Super Senior Creditors and Senior Secured Creditors

Prior to the discharge of all Senior Secured Liabilities and all Super Senior Liabilities, the Security Agent may refrain from enforcing the Transaction Security unless otherwise instructed by:

(a) the lenders under the Revolving Credit Facility Agreement and the creditors of any other Credit Facility Liabilities under any credit facility document (the "**Credit Facility Documents**") (together, the "**Credit Facility Creditors**"), the aggregate of whose unpaid amounts and undrawn commitments under the Credit Facility Documents, and the Hedge Counterparties, the aggregate of whose Super Senior Hedging Liabilities, together, exceed 66 2/3% of the aggregate of all unpaid and undrawn commitments under the Credit Facility Documents and the termination value of all Super Senior Hedging Liabilities (the "**Majority Super Senior Creditors**"); and

(b) the Senior Secured Notes/Pari Passu Required Holders (together with the Majority Super Senior Creditors, the "**Instructing Group**"),

in each case, acting in accordance with the terms of the Intercreditor Agreement.

On or after the discharge of all Senior Secured Liabilities and all Super Senior Liabilities, the Security Agent will only act on the instructions of the Senior Subordinated Debt Required Holders.

Enforcement decisions

(a) If either of the Majority Super Senior Creditors or the Senior Secured Notes/Pari Passu Required Holders wish to instruct the Security Agent to commence enforcement of any Transaction Security, such group of creditors shall deliver a copy of the proposed instructions as to enforcement (the "**Proposed Enforcement Instructions**") to the Security Agent and the creditor representative for each of the Super Senior Creditors, the Trustee, the Hedge Counterparties and each Pari Passu Debt Representative (as appropriate). The Security Agent shall promptly notify each of the creditor representatives of the Super Senior Creditors, the Trustee and each of the Pari Passu Debt Representatives and the Hedge Counterparties upon receipt of such Proposed Enforcement Instructions.

(b) Prior to the Super Senior Debt Discharge Date and subject to paragraphs (c), (d) and (e) below, if the Security Agent has received any Proposed Enforcement Instructions, it shall either enforce or refrain from enforcing the Transaction Security in accordance with the instructions of the Senior Secured Notes/Pari Passu Required Holders (and the Senior Secured Notes/Pari Passu Required Holders shall be the Instructing Group for the purposes of enforcing Transaction Security) provided that such instructions are consistent with the Security Enforcement Principles (as defined below) and failure to give instructions will be deemed to be an instruction not to take enforcement steps.

(c) In the event that:

(i) from the date that is three months after the date upon which the first Proposed Enforcement Instructions (including such instructions not to take enforcement steps) are delivered, the Security Agent (acting on the instructions of the Senior Secured Notes/Pari Passu Required Holders) has not taken any enforcement action as to enforcement of the Transaction Security; or

(ii) the Super Senior Liabilities have not been fully discharged in cash within six (6) months of the date upon which the first such Proposed Enforcement Instructions (including any such instructions not to take enforcement steps) are delivered,

then (with effect from the date of the earlier to occur of such events), the Majority Super Senior Creditors shall become the Instructing Group for the purposes of enforcing Transaction Security.

(d) If at any time the Security Agent has not taken any relevant enforcement action notwithstanding the Transaction Security having become enforceable in accordance with its terms, the Majority Super Senior Creditors or the Senior Secured Notes/Pari Passu Required Holders, as the case may be, may at any time provide immediate instructions as to enforcement to the Security Agent notwithstanding any instructions given pursuant to paragraph (b) or (c) above, if the Majority Super Senior Creditors or the Senior Secured Notes/Pari Passu Required Holders determine in good faith (and notify the creditor representatives of the other Super Senior Creditors, the Senior Secured Notes Creditors, the Pari Passu Debt Creditors, the Security Agent and the Hedge Counterparties) the delay in taking enforcement action of the Transaction Security could reasonably be expected to have a material adverse effect on:

(i) the Security Agent's ability to enforce the Transaction Security; or

(ii) the realisation proceeds of any enforcement of the Transaction Security,

and the Security Agent shall act only with respect to the relevant asset or debtor or Holdco that is the subject of the determination set out in paragraphs (d)(i) or (d)(ii) above, in accordance with the first such notice of determination and instructions as to enforcement received by the Security Agent (provided in each case that such instructions are consistent with the Security Enforcement Principles).

(e) If at any time an insolvency event has occurred with respect to any debtor or Third Party Chargor (other than an insolvency event which is the direct result of any action taken by the Security Agent acting on the instructions of the Majority Super Senior Creditors or the Senior Secured Notes/Pari Passu Required Holders), the Security Agent shall act, to the extent the Majority Super Senior Creditors have provided such instructions, in accordance with the instructions received from such Majority Super Senior Creditors, provided that in the event the Security Agent has previously received Proposed Enforcement Instructions from the Senior Secured Notes/Pari Passu Required Holders and has commenced relevant enforcement action pursuant to such instructions, the Security Agent shall continue to act in accordance with the instructions of the Senior Secured Notes/Pari Passu Required Holders until such time as the Majority Super Senior Creditors issue enforcement instructions to the Security Agent and such instructions shall override and supersede any such prior instructions given by the Senior Secured Notes/Pari Passu Required Holders.

(f) Other than where paragraph (d) or (e) above applies, if, prior to the Super Senior Debt Discharge Date, the Majority Super Senior Creditors or the Senior Secured Notes/Pari Passu Required Holders (in each case acting reasonably) consider that the Security Agent is enforcing the Transaction Security in a manner which is not consistent with the Security Enforcement Principles, the creditor representative for the Super Senior Creditors, the Hedge Counterparties, the Pari Passu Debt Representatives or the Trustee shall give notice to the agents for the other Super Senior Creditors, the Hedge Counterparties, the Pari Passu Debt Representatives and the Trustee (as appropriate) after which the creditor representative for the other Super Senior Creditors, the Hedge Counterparties, the Pari Passu Debt Representatives and the Trustee shall consult with the Security Agent for a period of 15 days (or such lesser period as the relevant creditor representatives and the Hedge Counterparties may agree) with a view to agreeing the manner of Enforcement provided that such creditor representative and Hedge Counterparties shall not be obliged to consult under this paragraph (f) more than once in relation to each enforcement action.

(g) After the Super Senior Debt Discharge Date but prior to the Senior Secured Debt Discharge Date, the Security Agent shall either enforce or refrain from enforcing the Transaction Security in accordance with the instructions provided by the Senior Secured Notes/Pari Passu Required Holders.

(h) After the Senior Secured Debt Discharge Date but prior to the Senior Subordinated Debt Discharge Date, the Security Agent shall either enforce or refrain from enforcing the Transaction Security in accordance with the instructions provided by the Senior Subordinated Debt Required Holders.

Security Enforcement Principles

The Instructing Group may only give enforcement instructions that are consistent with certain security enforcement principles set out in a schedule to the Intercreditor Agreement (the "**Security Enforcement Principles**"), which include the following principles:

- it shall be the primary and overriding aim of any enforcement of the Transaction Security to achieve the security enforcement objective (being to maximize so far as is consistent with prompt and expeditious realization of value from enforcement of the Transaction Security, the recovery by the Super Senior Creditors, the Senior

Secured Creditors and, to the extent only of any Shared Security, the Senior Subordinated Creditors) (the "**Security Enforcement Objective**");

- without prejudice to the Security Enforcement Objective, the Transaction Security will be enforced and other action as to enforcement will be taken such that either (a) all proceeds of enforcement are received by the Security Agent in cash (or substantially all in cash) for distribution in accordance with the terms of the Intercreditor Agreement (see "*—Waterfall*" below) or (b) with respect to such actions taken by the Majority Senior Secured Creditors, sufficient proceeds from enforcement will be received by the Security Agent in cash (or substantially all in cash) to ensure that the Super Senior Liabilities are repaid and discharged in full (unless the Majority Super Senior Creditors agree otherwise);

- the enforcement action must be prompt and expeditious, it being acknowledged that, subject to the other provisions of the Intercreditor Agreement, the time frame for the realization of value from the enforcement of the Transaction Security or distressed disposal pursuant to enforcement will be determined by the Instructing Group provided that it is consistent with the Security Enforcement Objective;

- to the extent that the Transaction Security that is the subject of the proposed enforcement action is:

(a) over assets other than shares in a member of the Group where the aggregate book value of such assets exceeds €5.0 million (or its equivalent); or

(b) over some or all of the shares in a member of the Group over which Transaction Security exists,

then the Security Agent shall upon instruction from the Instructing Group and at the expense of the Instructing Group (unless such enforcement is made pursuant to a public auction or pursuant to any process supervised by a court of law where there is a determination of value by or on behalf of the court) appoint a Financial Advisor to opine as expert to the Security Agent on (i) the optimal method of enforcing the Transaction Security so as to achieve the Security Enforcement Objective and maximize the recovery of any such enforcement action, (ii) that the proceeds received from any such enforcement are fair from a financial point of view after taking into account all relevant circumstances and (iii) that such sale is otherwise in accordance with the Security Enforcement Objective ("**Financial Advisor's Opinion**"), provided that if such a Financial Advisor's Opinion is not available for reasons other than non-compliance with paragraph (i) or (iii) above, the Security Agent may proceed with such enforcement without fulfilling the requirements of this paragraph; and

- the Security Agent shall be under no obligation to appoint a Financial Advisor or to seek the advice of a Financial Advisor, unless expressly required to do so by the Intercreditor Agreement. It is understood that the liability of any Financial Advisor in respect of a Financial Advisor's Opinion may be limited to the amount of its fees in respect of such engagement.

- the Financial Advisor's Opinion (or any equivalent opinion obtained by the Security Agent in relation to any other enforcement of the Transaction Security that such action is fair from a financial point of view after taking into account all relevant circumstances) will be conclusive evidence that the Security Enforcement Objective has been met.

Waterfall

Subject to certain exceptions, all amounts from time to time received or recovered by the Security Agent in connection with the realization or enforcement of all or any part of the Transaction Security or otherwise paid to the Security Agent (as the case may be) for application pursuant to the waterfall below (including amounts from time to time received pursuant to the provisions described under "*—Turnover*," below) shall be held by the Security Agent on trust to apply them at any time as the Security Agent (in its discretion) sees fit, to the extent permitted by applicable law, in the following order of priority:

(a) *first*, pro rata and *pari passu* in or towards payment of:

(i) any sums owing to the Security Agent, any receiver or any delegate;

(ii) each Pari Passu Debt Representative in respect of any Pari Passu Liabilities issued in the form of notes, the Senior Secured Notes Trustee and the Senior Subordinated Debt Representative in respect of certain of their fees, costs and expenses (the "**Notes Trustee Amounts**"); and

(iii) to each creditor representative of the Super Senior Liabilities and the Senior Secured Liabilities and Senior Subordinated Debt Liabilities, in each case, (to the extent not included in paragraph (i) above and excluding any Hedge Counterparty as its own creditor representative) of the unpaid fees, costs and expenses and liabilities (and all interest thereon) of each such creditor representative and any receiver, attorney or agent appointed by such creditor representative under any Transaction Security Document or the Intercreditor Agreement;

(b) *second*, *pari passu* and *pro rata* in or towards payment of all costs and expenses incurred by the Super Senior Creditors and the Senior Secured Creditors in connection with any realization or enforcement of the Transaction Security taken in accordance with the terms of the Transaction Security Documents or any action taken at the request of the Security Agent;

(c) *third*, in or towards payment to each Credit Facility Agent and the Hedge Counterparties of the Super Senior Hedging Liabilities for application towards the discharge of the Credit Facility Liabilities and the Super Senior Hedging Liabilities, respectively, on a *pari passu* and *pro rata* basis;

(d) *fourth*, in or towards payment to the Senior Secured Notes Trustee, each Pari Passu Debt Representative and the Hedge Counterparties of the Senior Secured Hedging Liabilities, the "**Senior Secured Hedge Counterparties**" for application towards the discharge of the Senior Secured Notes Liabilities, the Pari Passu Liabilities and the Senior Secured Hedging Liabilities, respectively, on a *pari passu* and *pro rata* basis; and

(e) *fifth*, to the extent paid out of enforcement proceeds resulting from enforcement of Shared Security, the guarantees of the Senior Subordinated Debt or proceeds from a Distressed Disposal in relation to assets which were previously Shared Charged Property in or towards payment to each Senior Subordinated Debt Representative on behalf of the Senior Subordinated Debt Creditors for application towards the discharge of the Senior Subordinated Debt Liabilities on a *pari passu* and *pro rata* basis;

(f) *sixth*, after the date on which all Senior Secured Liabilities, Super Senior Liabilities and Senior Subordinated Liabilities are discharged, in payment of the surplus (if any) to the relevant debtor or other person entitled to it.

Turnover

General

The Intercreditor Agreement, in general, provides that if a Super Senior Creditor or a Senior Secured Creditor, among others, receives or recovers or otherwise realizes the proceeds of any enforcement of Transaction Security, and in addition if any Senior Subordinated Debt Creditor receives or recovers any payment or distribution not permitted under the Intercreditor Agreement then, subject to certain exceptions (including certain prior actual knowledge qualifications in respect of the Trustee and the Senior Subordinated Debt Representative), it shall:

(a) in relation to receipts or recoveries not received or recovered by way of set-off: (i) hold that amount on trust for the Security Agent and promptly pay that amount or an amount equal to that amount to the Security Agent for application in accordance with the terms of the Intercreditor Agreement; and (ii) promptly pay an amount equal to the amount (if any) by which receipt or recovery exceeds the relevant liabilities owed to such creditor to the Security Agent for application in accordance with the terms of the Intercreditor Agreement; and

(b) in relation to receipts and recoveries received or recovered by way of set-off, promptly pay an amount equal to that recovery to the Security Agent for application in accordance with the terms of the Intercreditor Agreement.

Release of liabilities in respect of the Transaction Security, the Senior Secured Notes and the Senior Subordinated Notes

Distressed Disposals

Where an enforcement sale of an asset of a member of the Group or Holdco subject to the Transaction Security is being effected, the Intercreditor Agreement provides that the Security Agent is irrevocably authorized and without any consent, sanction, authority or further confirmation from any Creditor, debtor, Holdco or the Issuer:

- to release the Transaction Security, and/or any other claim over that asset;

• if the asset which is disposed of consists of shares in the capital of a debtor, to release: (a) that debtor and any subsidiary of that debtor from all or any part of its liabilities as a guarantor under the Debt Documents (including the Senior Secured Notes Documents and the Senior Subordinated Debt Documents) (together, the "**Guarantee Liabilities**"), its liabilities as a principal debtor under the Debt Documents (including the Senior Secured Notes Documents and the Senior Subordinated Debt Documents) (together, the "**Borrowing Liabilities**"), or other liabilities it may have to an intra-group lender or debtor (together, the "**Other Liabilities**"); (b) any Transaction Security granted by: (i) that debtor or any subsidiary of that debtor over any of its assets; and (ii) any holding company of that debtor over any shares, loans, claims or other rights in or against that debtor; and (c) any other claim of a lender of Intra-Group Liabilities (an "**Intra-Group Lender**"), a Shareholder Creditor or another debtor over that debtor's assets or over the assets of any subsidiary of that debtor; and

• if the asset which is disposed of consists of shares in the capital of any holding company of a debtor, to release (a) that holding company and any subsidiary of that holding company from all or any part of its Borrowing Liabilities, its Guarantee Liabilities and Other Liabilities; (b) any Transaction Security granted by (i) that holding company and any subsidiary of that holding company over any of its assets and (ii) any holding company of that holding company over shares, loans, claims or other rights in or against that holding company; and (c) any other claim of an Intra-Group Lender, Shareholder Creditor or another debtor over the assets of that holding company and any subsidiary of that holding company.

If, on or after the first Senior Subordinated Debt Issue Date but prior to the discharge of all Senior Secured Liabilities and all Super Senior Liabilities, a Distressed Disposal is being effected such that any guarantees in respect of the Senior Subordinated Debt or any Senior Subordinated Debt Guarantor will be released or disposed of, it is a further condition to the release that either:

(i) each Senior Subordinated Debt Representative has approved the release; or

(ii) where shares or assets of a Senior Subordinated Debt Guarantor are sold:

(A) the proceeds of such sale or disposal are in cash (or substantially in cash);

(B) all claims of the Senior Secured Creditors under Senior Secured Debt Documents against a member of the Group (if any) all or part of whose shares pledged in favour of the Senior Secured Creditors are sold or disposed of pursuant to such enforcement action, are unconditionally released and discharged or sold or disposed of concurrently with such sale (and are not assumed by the purchaser or one of its affiliates), and all Transaction Security in respect of the assets that are sold or disposed of is simultaneously and unconditionally released concurrently with such sale, provided that in the event of a sale or disposal of any such claim (instead of a release or discharge):

(1) where the Super Senior Creditors, or the Senior Secured Creditors constitute the Instructing Group, the Credit Facility Agent, Trustee and creditor representative of the Pari Passu Liabilities (as applicable):

(aa) determine acting reasonably and in good faith that the finance parties under the Revolving Credit Facility, the Senior Secured Notes Creditors and the Pari Passu Debt Creditors will recover more than if such claim was released or discharged but is nevertheless less than the outstanding Super Senior Liabilities and/or Senior Secured Liabilities; and

(bb) serve a notice on the Security Agent notifying the Security Agent of the same, in which case the Security Agent shall be entitled immediately to sell and transfer such claim to such purchaser (or an affiliate of such purchaser);

(2) where the Senior Subordinated Debt Creditors constitute the Instructing Group, the Senior Subordinated Debt Representative:

(aa) determines acting reasonably and in good faith that the finance parties under the Revolving Credit Facility, the Senior Secured Notes Creditors, the Pari Passu Debt Creditors, and Senior Subordinated Debt Creditors (respectively) will recover more than if such claim was released or discharged but is nevertheless less than the outstanding Super Senior Liabilities, Senior Secured Liabilities, and/or Senior Subordinated Debt Liabilities; and

(bb) serve a notice on the Security Agent notifying the Security Agent of the same, in which case the Security Agent shall be entitled immediately to sell and transfer such claim to such purchaser (or an affiliate of such purchaser); and

(C) such sale or disposal (including any sale or disposal of any claim) is made:

(1) pursuant to a public auction; or

(2) where a Financial Advisor selected by the Security Agent has delivered an opinion in respect of such sale or disposal that the amount received in connection therewith is fair from a financial point of view taking into account all relevant circumstances including the method of enforcement, provided that the liability of such investment bank or internationally recognized firm of accountants may be limited to the amount of its fees in respect of such engagement (it being acknowledged that the Security Agent shall have no obligation to select or engage any Financial Advisor unless it shall have been indemnified and/or secured and/or prefunded to its satisfaction).

If the Instructing Group is constituted by the Majority Senior Secured Creditors (or if the Distressed Disposal is conducted pursuant to instructions from the Majority Senior Secured Creditors) the provisions above shall not apply to any release or disposal of Super Senior Liabilities unless sufficient cash proceeds are received from the relevant Distressed Disposal and applied towards the irrevocable discharge in full of all the Super Senior Liabilities.

If the Instructing Group is constituted by the Majority Senior Subordinated Debt Creditors (or if the Distressed Disposal is conducted pursuant to instructions from the Majority Senior Subordinated Debt Creditors) the provisions above shall not apply to any release or disposal of Super Senior Liabilities or Senior Secured Liabilities unless sufficient cash proceeds are received from the relevant Distressed Disposal and applied towards the irrevocable discharge in full of all the Super Senior Liabilities and all the Senior Secured Liabilities.

Non-Distressed Disposals

The Intercreditor Agreement also provides for the release of the Transaction Security and the Guarantees under certain circumstances including certain permitted asset disposals. Under certain circumstances it is envisaged that the Security Agent shall effect such release without requiring the consent of the relevant secured creditors (including the Senior Secured Noteholders).

Voting and Amendments

Voting in respect of the Revolving Credit Facility, the Notes and/or future Pari Passu Liabilities will be in accordance with the relevant documents. The Intercreditor Agreement may be amended or waived or any consent may be given under it with the written agreement of the Majority Super Senior Creditors, the Senior Secured Notes Required Holders, the Senior Subordinated Debt Required Holders, the Pari Passu Debt Required Holders, the Issuer and the Security Agent or, in each case, the respective creditor representative acting in accordance with the relevant Debt Document (except for amendments to cure defects or omissions, resolve ambiguities or inconsistencies or to reflect changes of a minor, technical or administrative nature, which may in each case be effected by the Security Agent and the Issuer without the consent of any other party) *provided* that to the extent an amendment, waiver or consent only affects one class of secured party, and such amendment, waiver or consent could not reasonably be expected to materially and adversely affect the interests of the other classes of secured party, only written agreement from the affected class and the Issuer shall be required.

Notwithstanding the paragraph immediately above, an amendment or waiver relating to provisions dealing with (i) the definition of Instructing Group, (ii) ranking and priority, (iii) turnover of Receipts, (iv) redistribution, (v) enforcement of Transaction Security, (vi) proceeds of disposals, (vii) application of proceeds and (viii) amendments and (ix) certain provisions relating to the instructions to and exercise of discretion by the Security Agent or the order of priority or subordination under the Intercreditor Agreement, shall not be made without the written consent of:

(a) the lenders under the Revolving Credit Facility and the other Credit Facility Documents;

(b) the Trustee;

(c) any Senior Subordinated Debt Representative (insofar as any amendment or waiver might adversely affect the rights, ranking, indemnities or protections of the Senior Subordinated Debt Representative or the Senior Subordinated Debt Creditors);

(d) in the case of any Pari Passu Liabilities constituting an issuance of debt securities, the Pari Passu Debt Representative in respect of those Pari Passu Liabilities;

(e) in the case of any Pari Passu Liabilities constituting a credit facility, the Pari Passu creditors in that tranche of Pari Passu Liabilities;

(f) each Hedge Counterparty (to the extent that the amendment or waiver would materially and adversely affect the Hedge Counterparty);

(g) the Issuer; and

(h) the Security Agent.

Bilateral Facilities

The Issuer and certain of its subsidiaries are parties of certain short-term facility agreements and overdraft facilities with local financial institutions, pursuant to which certain facilities have been made available to the relevant company mainly for working capital and general corporate purposes (the "**Bilateral Facilities**"). These credit facilities are uncommited and generally relate to overdraft protection and trade credit facilities, and we utilize these lines from time to time as part of our cash management. day operations. As of September 30, 2024, €37.2 million was outstanding under the Bilateral Facilities. We expect to continue to make use of Bilateral Facilities or similar facilities following the Refinancing on an opportunistic basis to fund working capital and other purposes.

Polish Facilities

Below is a summary of the main Polish Facilities agreements we have in place.

BNP Paribas Bank Polska S.A. Financing

On January 31, 2022, Jol-Mark sp. z o.o. as borrower and BNP Paribas Bank Polska S.A. as lender, entered into a non-revolving facility agreement pursuant to which the lender made available to the borrower a financing for the maximum principal amount equal to PLN 18,000,000 (approximately, €4.3 million with a value date as of January 29, 2025) with termination date on January 30, 2031. The financing is secured by a promissory note issued by the borrower, contractual mortgage over the real estate of the borrower (no. KR1E/00051782/1), security assignment agreements (insurance policies) between the borrower and the lender, surety agreements (concluded between the lender and Rekeep Polska S.A., IZAN + sp. z o.o., Naprzód Marketing sp. z o.o., Naprzód Service sp. z o.o., Naprzód Hospital sp. z o.o., Naprzód Cleaning sp. z o.o, Naprzód Catering sp. z o.o., Kolumna Transportu Sanitarnego Triomed sp. z o.o., Catermed sp. z o.o. and Naprzód Inwestycje sp. z o.o. – jointly, the "**Surety Grantors**") and statements on notarial submission to enforcement executed by the Surety Grantors. Pursuant to the agreement, the Surety Grantors cannot grant guarantees without the lender's consent. As of September 30, 2024, approximately €3.9 million was outstanding under such facility agreement.

Santander Bank Polska S.A. Financing

On June 27, 2022, Rekeep Polska S.A., Naprzód Hospital sp. z o.o., IZAN + sp. z o.o., Naprzód Service sp. z o.o., Jol-Mark sp. z o.o., Catermed sp. z o.o., Kolumna Transportu Sanitarnego Triomed sp. z o.o., Naprzód Catering sp. z o.o., Ster-Med sp. z o.o. and Naprzód Marketing sp. z o.o. as borrowers and Santander Bank Polska S.A. as lender, entered into a multi-purpose facility agreement pursuant to which the lender made available to the borrowers a financing for the maximum principal amount equal to PLN 125,000,000 (approximately €29.7 million, with a value date as of January 29, 2025) with termination date on June 30, 2026. The financing is secured by security assignment agreements (trade receivables) between the borrowers and the lender, security deposits by the borrowers and statements on submission to enforcement executed by the borrowers. Pursuant to the agreement, the lender's consent is required for the borrowers to (i) provide financial support to third parties (including their parents) and take up their bonds and (ii) encumber their assets (this restriction may extend to the shares in the borrower). As of September 30, 2024, approximately €7.7 million was outstanding under such facility agreement.

Bank Polska Kasa Opieki S.A. Financing

On November 24, 2024, Rekeep Polska S.A., IZAN + sp. z o.o., Naprzód Service sp. z o.o., Naprzód Hospital sp. z o.o., Naprzód Marketing sp. z o.o., Catermed sp. z o.o., Jol-Mark sp. z o.o., Naprzód Catering sp. z o.o., C-Food Polska sp. z o.o., Kolumna Transportu Sanitarnego Triomed sp. z o.o. and Ster-Med sp. z o.o. as borrowers and Bank Polska Kasa Opieki S.A. as lender, entered into a multi-purpose (umbrella) facility limit agreement pursuant to which the lender made available to the borrowers a financing for the maximum principal amount equal to PLN 125,000,000 (approximately €29.7 million, with a value date as of January 29, 2025) with termination date on November 28, 2027. The financing is secured by security assignment agreements (trade receivables) between the borrowers and the lender, registered pledges over the borrowers' bank accounts and statements on submission to enforcement executed by the borrowers. Pursuant to the agreement, the lender's consent is required (i) for the borrowers to grant guarantees and (ii) to encumber the shares in the borrowers. As of the date of this Offering Memorandum, approximately €7.2 million was outstanding under such facility agreement.

Bank Handlowy w Warszawie S.A. Financing

On December 27, 2024, Rekeep Polska S.A., Naprzód Hospital sp. z o.o., IZAN + sp. z o.o., Naprzód Service sp. z o.o., Jol-Mark sp. z o.o., Catermed sp. z o.o., Kolumna Transportu Sanitarnego Triomed sp. z o.o., Naprzód Catering sp. z o.o., Ster-Med sp. z o.o. and Naprzód Marketing sp. z o.o. as borrowers and Bank Handlowy w Warszawie S.A. as lender, entered into an overdraft facility agreement pursuant to which the lender made available to the borrowers a financing for the maximum principal amount equal to PLN 100,000,000 (approximately €23.8 million, with a with a value date as of January 29, 2025) with termination date on January 22, 2027. The financing is secured by a contractual mortgage over the real estate of Rekeep Superfood sp. z o.o. (no. LD1B/00047782/9), security assignment agreements (trade receivables) between the lender and the borrowers and statements on submission to enforcement executed by the borrowers. Pursuant to the agreement, the lender's consent is required for the borrowers to encumber their assets (this restriction may extend to the shares in the borrowers). As of the date of this Offering Memorandum, approximately, €4.0 million was outstanding under such facility agreement.

Banca Sistema Financing

On May 15, 2024, the Issuer, as borrower, and Banca Sistema S.p.A., as lender, entered into a financing agreement pursuant to which the lender made available to the Issuer a financing for a maximum principal amount equal to €12 million with termination on March 31, 2029 (the "**Banca Sistema Financing Agreement**"). The Banca Sistema Financing Agreement, which is unsecured, is guaranteed by a first demand guarantee (*garanzia a prima richiesta*) issued by SACE S.p.A. As of September 30, 2024, €12.0 million was outstanding under the Banca Sistema Financing agreement.

Off-balance sheet bank guarantees (*fideiussioni bancarie*) and insurance bonds (*polizze fideiussorie*)

In the ordinary course of our business and, in particular, in order to be able to participate in competitive tenders, we enter into contracts with customers or receive advances or payments from them during the outsourced service arrangement, we are required to provide our customers with bank guarantees (*fideiussioni bancarie*) and/or insurance bonds (including bid, advance payment, performance or guarantee bonds and *polizze fideiussorie*) for the purpose of guaranteeing our obligations under the relevant agreements. Such guarantees are generally issued by banks or insurance companies.

As of September 30, 2024, we had obtained bank guarantees and insurance policies in an aggregate outstanding amount of approximately €411.8 million.

These off-balance sheet guarantees typically provide for an annual fee equal to a percentage of the amount of the relevant guarantee outstanding. See also "*Risk Factors—Risk Factors related to our business—We may be unable to obtain the surety bonds, securities or guarantees that are required for certain public tenders or contracts with our private customers, and due to our failure to comply with the applicable rules or to perform our obligations, counterparties may enforce the bonds we have posted and we currently are in litigation regarding enforcement actions in respect of certain performance and bid bonds.*"

Lease agreements

We enter into lease agreements for, *inter alia,* our machinery, equipment and property. As of September 30, 2024, €43.1 million was outstanding under lease agreements. We expect that these leases will remain outstanding following the Refinancing.

Factoring facilities

We have historically relied on sales of trade receivables pursuant to non-recourse (*pro soluto*) and recourse (*pro solvendo*) factoring agreements and reverse factoring to manage in part our working capital requirements. We expect that, following the Refinancing, various factoring lines will remain outstanding. See "*Management's discussion and analysis of financial condition and results of operations—Liquidity and capital resources*."

Non-recourse factoring

On January 14, 2022, the Issuer, Servizi Ospedalieri and CMF Consorzio Stabile (together, for the purpose of this paragraph, the "**Assignors**") entered into a four-year maturity non-recourse (*pro-soluto*) factoring revolving facility agreements with BFF Bank S.p.A., as factor, pursuant to which each Assignors may sell up to €300 million (of which €250 million represent the minimum amount that the Assignors are required to sell) of certain trade receivables from entities in the National Health System and PSEs per year to the factor (as amended by virtue of an amendment agreement dated January 25, 2024, the "**BFF Bank Facility**"). Under the BFF Bank Facility, the Assignors receive a cash payment corresponding to the value of the trade receivables purchase price, which is equal to the nominal value of the trade receivables minus a discount calculated on the basis of a formula set forth in the BFF Bank Facility. Under the BFF Bank Facility, the factor may cancel its commitment in case of, among others, ascertained and determined irregularities by the Assignors in the tenders to which the sold trade receivables refer, the breach of contractual obligations by the Assignors and/or the occurrence of certain standard events of default provided for under the BFF Bank Facility agreement. The agreement will terminate on January 25, 2028. The BFF Bank Facility is secured by a first ranking pledge over certain bank accounts held by the Assignors with the factor. We expect that the BFF Bank Facility will remain outstanding following the Refinancing.

As of September 30, 2024, the receivables sold under our existing non-recourse factoring arrangements, including the Banca BFF Facility, and not yet collected by the relevant factors equaled €52 million. This amount is not treated as financial debt on our consolidated statement of financial position.

The table below sets forth the amount of trade receivables sold under our existing non-recourse factoring agreements for the nine months ended on September 30, 2024, and includes the amount of trade receivables that have not yet been collected by the relevant factors as of September 30, 2024.

(thousands of €)	Trade receivables sold for the nine months ended September 30, 2024	Trade receivables that have not yet been collected as of September 30, 2024
BFF Bank S.p.A.	130.8	28.6
Banca IFIS S.p.A.	10.5	2.0
UniCredit Factoring S.p.A.	10.9	3.2
Carrefour Italia Finance S.r.l.	13.2	2.2
MB FACTA S.p.A.	16.3	6.4
Banca Sistema S.p.A.	8.6	4.5
BPER Factor S.p.A.	6.6	5.0
Total amount of non-recourse sales of trade receivables	**196.9**	**52.0**

Recourse factoring

On July 17, 2024, the Issuer entered into certain uncommitted recourse (*pro-solvendo*) factoring agreements with Banca Sistema S.p.A., pursuant to which the Issuer can propose from time to time to the factor the selling of trade receivables from private entities or public entities (the "**Banca Sistema Recourse Factoring Facility**"). The agreement has no fixed maturity. Under the Banca Sistema Recourse Factoring Facility, the Issuer receives a cash payment corresponding to the value of the trade receivables purchase price, which is equal to the nominal value of the trade receivables minus a discount calculated on the basis of a formula set forth in the Banca Sistema Recourse Factoring Facility. We expect the Banca Sistema Recourse Factoring Facility will remain outstanding following the Refinancing.

As of September 30, 2024, the receivables sold under our recourse factoring arrangements and not yet collected by the factor, including the Banca Sistema Recourse Factoring Facility, equaled €15.4 million.

Reverse factoring

We have entered into certain reverse factoring agreements with Banca BFF S.p.A. and UniCredit Factoring S.p.A. through which our suppliers can receive collection for payables in advance of the required payment date and we can take advantage of the deferred payments.

As of September 30, 2024, the outstanding amount of reverse factoring was €13.5 million.

Intercompany agreements

Intercompany loan agreements

On August 2, 2013, the Issuer, as lender, entered into an intercompany loan agreement with Servizi Ospedalieri, as borrower for an original aggregate maximum amount up to €32.3 million. This intercompany loan agreement has been amended and restated from time to time and was lastly in connection with the issuance of the Existing Notes. The intercompany loan is revolving; outstanding amounts borrowed by Servizi Ospedalieri may be repaid and reborrowed and therefore the balance fluctuates according to Servizi Ospedalieri's working capital needs. This intercompany loan agreement is expected to remain outstanding following the Refinancing and the Issuer's interest in the receivables in respect thereof will form part of the Collateral securing the Notes (the "**SO Intercompany Agreement**").

On August 2, 2013, the Issuer, as lender, entered into an intercompany loan agreement with H2H, as borrower for an original aggregate maximum amount up to €16.9 million. This intercompany loan agreement has been amended and restated from time to time and was lastly in connection with the issuance of the Existing Notes. The intercompany loan is revolving; outstanding amounts borrowed by H2H may be repaid and reborrowed and therefore the balance fluctuates according to H2H's working capital needs. This intercompany loan agreement is expected to remain outstanding following the Refinancing and the Issuer's interest in the receivables in respect thereof will form part of the Collateral securing the Notes (the "**H2H Intercompany Agreement**").

As of September 30, 2024, the outstanding amount of our intercompany loan agreements, including the SO Intercompany Agreement and H2H Intercompany Agreement, was €30.0 million, plus accrued interest of €0.7 million.

Intercompany financial accounts

The Issuer and its affiliated companies within the Group maintain certain intercompany financial account relationships to enhance financial coordination and operational efficiency. These accounts are strategically utilized to manage internal cash flows, optimize liquidity, and support the Group's overall financial strategy.

DESCRIPTION OF THE NOTES

Rekeep S.p.A. (the "**Issuer**") will issue €360.0 million in aggregate principal amount of its Senior Secured Notes due 2029 (the "**Notes**") under an indenture to be dated as of the Issue Date (the "**Indenture**"), between, *inter alios*, the Issuer, The Law Debenture Trust Corporation p.l.c., as trustee and common representative (*rappresentante comune*) of the holders of the Notes pursuant to articles 2417 and 2418 of the Italian Civil Code under the Indenture (the "**Trustee**"), UniCredit S.p.A., as security agent and in its role as legal representative (*mandatario con rappresentanza*) under the Indenture and representative (*rappresentante*) of the holders of the Notes pursuant to and for the purposes set forth under Article 2414-bis, paragraph 3, of the Italian Civil Code (the "**Security Agent**"), The Bank of New York Mellon, London Branch, as paying agent and The Bank of New York Mellon SA/NV, Dublin Branch as registrar and transfer agent, in a private transaction that is not subject to the registration requirements of the Securities Act. The Indenture will not be qualified under, incorporate by reference or include terms of, or be subject to, any of the provisions of the U.S. Trust Indenture Act of 1939, as amended. You will find definitions of certain capitalized terms used in this "*Description of the Notes*" under the heading *"—Certain Definitions*." For purposes of this "Description of the Notes," references to the "Issuer," "we," "our" and "us" refer only to Rekeep S.p.A. and not to any of its Subsidiaries.

The proceeds from the offering of the Notes sold on the Issue Date will be used by the Issuer as described in "*Summary—The Transactions*" and "*Use of Proceeds*."

This "*Description of the Notes*" is intended to be an overview of the material provisions of the Notes, the Notes Guarantee, the Indenture and the Security Documents. Since this description of the terms of the Notes is only a summary, you should refer to the Notes, the Indenture and the Security Documents for complete descriptions of the obligations of the Issuer and the Guarantor and your rights. Copies of such documents are available from us upon written request as described under "*Available Information*" in this Offering Memorandum.

The Indenture and the Notes Guarantees thereunder will be subject to the terms of the Intercreditor Agreement and any Additional Intercreditor Agreements (as defined below). The terms of the Intercreditor Agreement are important to understanding the relative ranking of indebtedness and security, the ability to make payments in respect of the indebtedness, procedures for undertaking enforcement action, subordination of certain indebtedness, turnover obligations, release of security and guarantees, and the payment waterfall for amounts received by the Security Agent. See "*Description of Certain Financing Arrangements—Intercreditor Agreement*" for a description of certain terms of the Intercreditor Agreement.

The registered Holder of a Note will be treated as the owner of it for all purposes. Only registered Holders will have rights under the Indenture, including, without limitation, with respect to enforcement and the pursuit of other remedies. The Notes have not been, and will not be, registered under the Securities Act and are subject to certain transfer restrictions.

Application will be made to admit the Notes to listing on the Official List of the LuxSE and to trading on the Euro MTF Market, in accordance with the rules thereof. There is no assurance that the Notes will be, or will remain, listed and admitted to trading on the Euro MTF Market.

Ranking of the Notes and Security

The Notes

The Notes will:

- be general, senior obligations of the Issuer, secured as set forth under "*—Security*";
- rank *pari passu* in right of payment with any existing and future indebtedness of the Issuer that is not subordinated in right of payment to the Notes, including obligations of the Issuer under the Revolving Credit Facility and certain Hedging Obligations (if any);
- rank senior in right of payment to any existing and future indebtedness of the Issuer that is expressly subordinated in right of payment to the Notes;
- rank effectively senior to any existing and future indebtedness of the Issuer that is unsecured to the extent of the value of the Collateral;

- be effectively subordinated to any existing and future indebtedness or obligation of the Issuer or of Subsidiaries of the Issuer that is secured by property or assets that do not secure the Notes, or which secures such other indebtedness or obligation on a super senior basis (including under the Revolving Credit Facility), to the extent of the value of the property and assets securing such other Indebtedness or obligation;

- be, subject to the Agreed Security Principles and certain material limitations under applicable law, guaranteed on a joint and several, full and unconditional basis (subject to any limitations on such guarantees pursuant to applicable law) by the Guarantors as described herein and in "*Risk Factors—Risks Related to the Notes, the Guarantees and the Collateral—Enforcing your rights as a holder of the Notes or under the Guarantees or the Collateral across multiple jurisdictions may prove difficult*" and "*—The insolvency laws of Italy and other applicable jurisdictions may not be as favorable to you as the insolvency laws of the United States or those of another jurisdiction with which you are familiar; other limitations on the Guarantees and the Security Interests, including fraudulent conveyance statutes, may adversely affect their validity and enforceability*.");

- be structurally subordinated to any existing and future Indebtedness or obligations of Subsidiaries of the Issuer that are not Guarantors, including obligations owed to trade creditors; and

- be represented by one or more registered Notes in global form but in certain circumstances may be represented by Definitive Registered Notes (see "*Book-Entry; Delivery and Form*").

Under the terms of the Intercreditor Agreement and subject to applicable laws, in the event of an enforcement of the Collateral, Holders will receive proceeds from the enforcement of the Collateral only after certain obligations entitled to receive proceeds from the enforcement of the Collateral in priority to the Notes have been repaid in full, including (i) obligations under the Revolving Credit Facility, (ii) other Indebtedness incurred pursuant to the terms of the Indenture that is entitled to receive proceeds of an enforcement of the Collateral in priority to the Notes, and (iii) certain Hedging Obligations (if any). The Notes Guarantee and the Collateral will be subject to certain limitations pursuant to applicable laws as described under "*Certain limitations on validity and enforceability of the Notes Guarantees and the Collateral and certain insolvency law considerations*." See also "*Risk Factors—Risks Related to the Notes, the Notes Guarantee and the Collateral—Corporate benefit, financial assistance laws, capital maintenance and other limitations on the Notes Guarantee and the Collateral may adversely affect the validity and enforceability of the Notes Guarantee and the Collateral*," "*—The insolvency laws of Italy may not be as favorable to the holders of the Notes as U.S. insolvency laws or those of another jurisdiction with which you may be familiar; other limitations on the Notes Guarantee and the security interests in the Collateral, including fraudulent conveyance statutes, may adversely affect their validity and enforceability*," "*—The Notes Guarantee, will be significantly limited by applicable laws and are subject to certain limitations and defenses*," "*Description of certain financing arrangements—Revolving Credit Facility Agreement*" and "*Security*."

The Notes Guarantees

On the Issue Date, the Notes will be general senior obligations of the Issuer, ranking equal in right of payment to all of the Issuer's existing and future senior indebtedness and senior to all of the Issuer's future indebtedness that is subordinated in right of payment to the Notes and will not be guaranteed by any of the Issuer's subsidiaries.

No later than 10 Business Days following the Issue Date, subject to the Agreed Security Principles and certain material limitations under applicable law, the Notes will be guaranteed by Servizi Ospedalieri and Teckal (the "**Notes Guarantees**").

Other entities may become Guarantors in the future as described below under "*—Certain Covenants—Additional Guarantees*" or otherwise.

To the extent applicable, the Notes Guarantee of each Guarantor will:

- be a general senior obligation of each Guarantor, secured as set forth under "*—Security*";

- rank *pari passu* in right of payment with any existing and future indebtedness of such Guarantor that is not expressly subordinated in right of payment to such Notes Guarantee, including such Guarantor's Notes Guarantee of the Revolving Credit Facility and certain Hedging Obligations (if any);

- rank senior in right of payment to any existing and future indebtedness of such Guarantor that is subordinated to such Notes Guarantee;
- be effectively subordinated to any existing or future Indebtedness or obligation of such Guarantor that is secured by property and assets that do not secure such Notes Guarantee, or which secures such other indebtedness or obligation on a super senior basis (including under the Revolving Credit Facility), to the extent of the value of the property and assets securing such other indebtedness or obligation; and
- be structurally subordinated to any existing and future Indebtedness or obligations of Subsidiaries of such Guarantor, in each case that are not Guarantors, including obligations owed to trade creditors of such Subsidiaries.

The obligations of a Guarantor under its Notes Guarantee will be limited as necessary to prevent the relevant Notes Guarantee from constituting a fraudulent conveyance or unlawful financial assistance or infringement of capital maintenance or corporate benefit rules under applicable law, or otherwise to reflect limitations under applicable law or as set out in the respective Guarantee. In addition, each Notes Guarantee will be further limited as required by the Agreed Security Principles, as described below under "*—The Notes Guarantees—General*." By virtue of these limitations, a Guarantor's obligation under its Notes Guarantee will be significantly less than amounts payable with respect to the Notes, or a Guarantor may have effectively no obligation under its Notes Guarantee. See "*Risk Factors—Risks Related to the Notes, the Notes Guarantee and the Collateral—Corporate benefit, financial assistance laws, capital maintenance and other limitations on the Notes Guarantee and the Collateral may adversely affect the validity and enforceability of the Notes Guarantee and the Collateral*," "*—The insolvency laws of Italy and other applicable jurisdictions may not be as favorable to you as the insolvency laws of the United States or those of another jurisdiction with which you are familiar; other limitations on the Guarantees and the Security Interests, including fraudulent conveyance statutes, may adversely affect their validity and enforceability*" and "*—The Notes Guarantee will be significantly limited by applicable laws and are subject to certain limitations and defenses*." The validity and enforceability of the Notes Guarantee and the liability of each Guarantor will be subject to the limitations described in this Offering Memorandum under the caption "*Certain limitations on validity and enforceability of the Notes Guarantees and the Collateral and certain insolvency law considerations*."

As of the Issue Date, all of the Subsidiaries of the Issuer will be "Restricted Subsidiaries" for the purposes of the Indenture. However, under the circumstances described below under "*Certain Definitions—Unrestricted Subsidiary*," we will be permitted to designate certain of our Subsidiaries as "Unrestricted Subsidiaries." Unrestricted Subsidiaries will not be subject to any of the restrictive covenants in the Indenture.

Certain of the Issuer's operations are and will be conducted through Restricted Subsidiaries that will not be Guarantors. Claims of creditors of non-Guarantor Restricted Subsidiaries, including depositors, trade creditors and creditors holding claims under debt and guarantees issued by those Restricted Subsidiaries, and claims of minority stockholders and preferred stockholders of non-Guarantor Restricted Subsidiaries generally will have priority with respect to the assets and earnings of those Restricted Subsidiaries over the claims of creditors of the Issuer and the Guarantors, including Holders. The Notes therefore will be structurally subordinated to creditors (including trade creditors), preferred stockholders (if any) and minority stockholders of Restricted Subsidiaries (other than any Guarantor).

For the twelve months ended September 30, 2024, the Issuer and the Guarantor generated 62.5% of the Group's total revenue and 77.0%, respectively, of the Group's EBITDA (gross of intercompany balances and consolidation eliminations). As of September 30, 2024, the Issuer and the Guarantors constituted 91.0% of the Group's total assets (gross of intercompany balances and consolidation eliminations). As of September 30, 2024, after giving *pro forma* effect to the Transactions, the Issuer's subsidiaries that are not expected to guarantee the Notes would have had €54.9 million in outstanding Gross Debt, of which €11.6 million comprises secured Gross Debt (consisting of debt of the Rekeep Polska Group). "*Description of certain financing arrangements—Polish Facilities.*"

Principal and Maturity

On the Issue Date, the Issuer will issue €360.0 million in aggregate principal amount of the Notes. The Notes will mature on September 15, 2029. The Notes will be issued in minimum denominations of €100,000 and in integral multiples of €1,000 in excess thereof.

Interest

Interest on the Notes will accrue at a rate of 9.00% per annum. Interest on the Notes will:

- accrue from the Issue Date or, if interest has already been paid, from the date it was most recently paid;
- be payable semi-annually in arrears, on each of April 10 and October 10, beginning on October 10, 2025;
- be payable to the Holder of record of such Notes on the Business Day immediately preceding the related interest payment date; and
- be computed on the basis of a 360-day year comprised of twelve 30-day months.

Interest on overdue principal and interest will accrue at a rate that is 1% higher than the then applicable rate of interest. In no event, however, will the rate of interest on the Notes be higher than the maximum rate permitted by applicable law. Notwithstanding any other the provision to the contrary, if the remuneration applicable to the Notes (including interest, default interest, fees, charges, expenses and other costs and any other form of compensation related to the Notes (the "**Total Remuneration**")) at any time exceeds the maximum remuneration permitted under applicable Italian law (including Italian Law No. 108 of March 7, 1996, as amended and supplemented), then the Total Remuneration shall immediately and automatically be reduced to the maximum admissible remuneration pursuant to applicable Italian law for, and limited to, the period during which it is not possible to apply the remuneration as originally provided.

The rights of Holders to receive payments of interest on the Notes are subject to applicable procedures of Euroclear and Clearstream. If the due date for any payment in respect of any Notes is not a Business Day at the place at which such payment is due to be paid, the Holder thereof will not be entitled to payment of the amount due until the next succeeding Business Day at such place, and will not be entitled to any further interest or other payment as a result of any such delay.

Methods of Receiving Payments on the Notes

Principal, interest and premium, if any, on the Global Notes (as defined below) will be payable at the specified office or agency of the Paying Agent; *provided* that all such payments with respect to the Notes represented by one or more Global Notes registered in the name of or held by a nominee of a common depositary for Euroclear and Clearstream, as applicable, will be made by wire transfer of immediately available funds to the account specified by the Holder or Holders thereof.

Principal, interest, premium and Additional Amounts, if any, on any certificated securities ("**Definitive Registered Notes**") will be payable at the specified office or agency of the Paying Agent maintained for such purposes. In addition, interest on the Definitive Registered Notes may be paid by check mailed to the person entitled thereto as shown on the register for the Definitive Registered Notes. See "*—Paying Agent and Registrar for the Notes*."

Paying Agent and Registrar for the Notes

The Issuer will maintain a Paying Agent for the Notes. The initial Paying Agent will be The Bank of New York Mellon, London Branch (the "**Paying Agent**").

The Issuer will also maintain a registrar (the "**Registrar**"), and a transfer agent (the "**Transfer Agent**"). The initial Registrar and Transfer Agent will be The Bank of New York Mellon SA/NV, Dublin Branch. The Registrar, Transfer Agent and Paying Agent, as applicable, will maintain a register reflecting ownership of the Notes outstanding from time to time, if any, and will make payments on and facilitate transfers of the Notes on behalf of the Issuer.

Subject to the above restrictions, the Issuer may change any Paying Agent, Registrar or Transfer Agent for the Notes without prior notice to the Holders of such Notes. However, for so long as Notes are listed on the Luxembourg Stock Exchange (the "**Exchange**") and the rules of the Exchange so require, the Issuer will publish notice of any change of Paying Agent, Registrar or Transfer Agent on the official website of the Exchange. The Issuer or any of its Subsidiaries may act as Paying Agent or Registrar in respect of the Notes.

Additional Notes

The Indenture will be unlimited in aggregate principal amount, of which €360.0 million aggregate principal amount of Notes will be issued on the Issue Date. After the Issue Date, the Issuer may issue an unlimited principal amount of additional Notes having substantially identical terms and conditions as the Notes originally issued (the "Additional Notes") under the Indenture; provided that if such Additional Notes are not, in the reasonable judgment of the Issuer, fungible with the Notes for U.S. federal income tax, such Additional Notes will be issued with a separate CUSIP, ISIN code or common code, as applicable, from such Notes. The Issuer will only be permitted to issue Additional Notes in compliance with the covenants contained in the Indenture, including the covenants restricting the Incurrence of Indebtedness and the Incurrence of Liens (as described below under "*Certain Covenants—Limitation on Indebtedness*" and "*Certain Covenants—Limitation on Liens*"). Any series of Additional Notes shall have terms substantially identical to the relevant series of Notes, as applicable, originally issued, except in respect of any of the following terms which shall be set forth in an Officer's Certificate (defined below) or, at the election of the Issuer, a supplemental indenture, delivered to the Trustee (copying the Paying Agent):

(1) whether such Additional Notes shall be issued as part of a new or existing series of Notes or the title of such Additional Notes (which shall distinguish the Additional Notes of the series from Notes of any other series);

(2) the aggregate principal amount of such Additional Notes;

(3) the date or dates on which such Additional Notes will be issued;

(4) the rate or rates (which may be fixed or floating) at which such Additional Notes shall bear interest and, if applicable, the interest rate basis, formula or other method of determining such interest rate or rates, the date or dates from which such interest shall accrue, the interest payment dates on which such interest shall be payable or the method by which such dates will be determined, the record dates for the determination of Holders thereof to whom such interest is payable and the basis upon which such interest will be calculated;

(5) the currency or currencies in which such Additional Notes shall be denominated and the currency in which cash or government obligations in connection with such Additional Notes may be payable;

(6) the date or dates and price or prices at which, the period or periods within which, and the terms and conditions upon which, such Additional Notes may be redeemed, in whole or in part;

(7) if other than in denominations of €100,000 and in integral multiples of €1,000 in excess thereof, the denominations in which such Additional Notes shall be issued and redeemed; and

(8) the ISIN, Common Code, CUSIP or other securities identification numbers with respect to such Additional Notes.

The Issuer similarly will be entitled to vary the application of certain other provisions to any series of Additional Notes.

In addition, the Officer's Certificate or supplemental indenture referred to above may include provisions pursuant to which such Additional Notes are issued bearing a temporary CUSIP, ISIN, common code or other securities identification number pending the satisfaction of certain conditions, such as the consummation of an acquisition, and such Additional Notes bearing a temporary CUSIP, ISIN, common code or other securities identification number may be automatically exchanged for new Additional Notes bearing the same ISIN, CUSIP, common code or other securities identification number as another series of existing Notes; provided that, in the reasonable judgment of the Issuer, such Additional Notes are, on the relevant automatic exchange date, fungible for U.S. federal income tax purposes with the relevant series of existing Notes. Unless the context otherwise requires, for all purposes of the Indenture and this "Description of the Notes," references to "Notes" shall be deemed to include references to the Notes initially issued on the Issue Date as well as any Additional Notes.

Except as otherwise provided for in the Indenture, the Notes issued in this offering and, if issued, any Additional Notes will be treated as a single class for all purposes under the Indenture, including, without limitation, with respect to waivers, amendments, redemptions and offers to purchase. Unless otherwise excluded, in this "Description of the Notes," references to the "Notes" include the Notes initially issued on the Issue Date and any Additional Notes that are actually issued.

The Notes Guarantees

General

On the Issue Date, the Notes will be general senior obligations of the Issuer, ranking equal in right of payment to all of the Issuer's existing and future senior indebtedness and senior to all of the Issuer's future indebtedness that is subordinated in right of payment to the Notes and will not be guaranteed by any of the Issuer's subsidiaries.

No later than 10 Business Days following the Issue Date, subject to the Agreed Security Principles and certain material limitations under applicable law, the Notes will be guaranteed by Servizi Ospedalieri and Teckal. Each Guarantor will also be a guarantor under the Revolving Credit Facility.

Any Notes Guarantee and the amounts recoverable thereunder will be limited as necessary to reflect limitations under local law in the applicable jurisdiction and defenses generally available to guarantors in such jurisdiction (including laws relating to fraudulent conveyance, fraudulent transfer, transfer at undervalue, voidable preference, maintenance of share capital, corporate benefit, financial assistance, corporate purpose, "thin capitalization") or similar laws affecting the rights of creditors generally, or otherwise to reflect applicable laws, including laws relating to capital maintenance and liquidity protection requirements and the liability of directors and officers. The Notes Guarantee will be further limited as required by the Agreed Security Principles as described below. See "*Certain limitations on validity and enforceability of the Notes Guarantees and the Collateral and certain insolvency law considerations*." This includes limiting Notes Guarantees to an amount not to exceed the maximum amount that can be guaranteed by the applicable Guarantor without rendering the Indenture or the relevant Guarantee voidable under applicable law relating to fraudulent conveyance fraudulent transfer, transfer at undervalue, voidable preference, maintenance of share capital, corporate benefit, financial assistance, corporate purpose, "thin capitalization" or similar laws affecting the rights of creditors generally. However, such limitations may not be effective under local law. By virtue of these limitations, a Guarantor's obligations under its Guarantee or any security interest, as applicable, will be significantly less than amounts payable in respect of the Notes, or a Guarantor may have effectively no obligation under its Notes Guarantee. See also "*Risk Factors—Risks Related to the Notes, the Notes Guarantee and the Collateral—Corporate benefit, financial assistance laws, capital maintenance and other limitations on the Notes Guarantee and the Collateral may adversely affect the validity and enforceability of the Notes Guarantee and the Collateral*," "*Risk Factors—Risks Related to the Notes, the Guarantees and the Collateral—The insolvency laws of Italy and other applicable jurisdictions may not be as favorable to you as the insolvency laws of the United States or those of another jurisdiction with which you are familiar; other limitations on the Guarantees and the Collateral, including fraudulent conveyance statutes, may adversely affect their validity and enforceability*," "*Risk Factors—Risks Related to the Notes, the Guarantees and the Collateral—Enforcing your rights as a holder of the Notes or under the Guarantees or the Collateral across multiple jurisdictions may prove difficult*" and "*Certain limitations on validity and enforceability of the Notes Guarantees and the Collateral and certain insolvency law considerations.*". See also "*Risk Factors—Risks related to the Notes, the Notes Guarantee and the Collateral—The grant of the Notes Guarantee and the Guarantor Collateral are subject to the Italian Golden Power Legislation and the outcome of such process is uncertain*.

The Notes will be effectively subordinated in right of payment to all obligations (including trade payables and Lease Obligations) of the Issuer's Subsidiaries that do not guarantee the Notes. Any right of the Issuer or any Guarantor to receive assets of any such Subsidiary upon such Subsidiary's liquidation or reorganization (and the consequent right of the holders of the Notes to participate in those assets) will be effectively subordinated to the claims of such Subsidiary's creditors.

As described below under "*—Certain Covenants—Additional Guarantees*" and subject to the Intercreditor Agreement and the Agreed Security Principles (including, among others, limitations arising due to corporate benefit rules), if Subsidiaries of the Issuer in the future guarantee the Revolving Credit Facility or certain other Indebtedness of the Issuer or a Guarantor permitted under the Indenture, such Person shall also enter into one or more Guarantees or supplemental indentures to become Guarantors of the Notes and accede to the Intercreditor Agreement.

For the twelve months ended September 30, 2024, the Issuer and the Guarantors generated 62.5% of the Group's total revenue and 77.0%, respectively, of the Group's EBITDA (gross of intercompany balances and consolidation eliminations). As of September 30, 2024, the Issuer and the Guarantors constituted 91.0% of the Group's total assets (gross of intercompany balances and consolidation eliminations). The foregoing information does not reflect the Energy Business Reorganization that became effective on January 1, 2025. As part of the Energy Business Reorganization, the assets, revenues, and EBITDA relating to the Energy Management of the Group which were previously undertaken principally by the Issuer and, to a lesser extent, Consorzio Stabile CMF, were transferred to Teckal, which will be a Guarantor and therefore remain within the entities providing credit support in favor of the Notes. See "*Risk Factors—Risks related to the Notes, the Notes Guarantee and the Collateral*."

Agreed Security Principles

The Agreed Security Principles apply to the granting of guarantees and security in favor of obligations under the Revolving Credit Facility and the Notes. The Agreed Security Principles include restrictions on the granting of guarantees where, among other things, such grant would be restricted by general legal and statutory limitations, regulatory requirements or restrictions, tax restrictions, financial assistance (including under Article 2358 and/or 2474 of the Italian Civil Code), corporate benefit rules, fraudulent preference, "thin capitalization" rules, "earnings stripping", "controlled foreign corporation" and capital maintenance rules, retention of title claims, employee consultation or approval requirements and similar principles, or where the time and cost of granting the guarantee would be disproportionate to the benefit accruing to the Holders.

The following is a non-exhaustive summary of certain terms of the Agreed Security Principles, which include, among others:

- general legal and statutory limitations, regulatory requirements or restrictions, tax restrictions, financial assistance (including under Article 2358 and/or 2474 of the Italian Civil Code), corporate benefit, fraudulent preference, "thin capitalisation" rules, "earnings stripping", "controlled foreign corporation" and "capital maintenance" rules, retention of title claims, employee consultation or approval requirements and similar principles may limit the ability of the Issuer and any Restricted Subsidiary or a security provider which is not a Restricted Subsidiary (the "**Security Provider**") from providing a guarantee or security (as applicable) or may require that the guarantee or security (as applicable) be limited to a specific amount or otherwise (the "**Mandatory Rules**"). If any such limit applies, the affected guarantee and security shall be limited to the maximum amount which the relevant member of the Group / Security Provider may provide. As a result, access to the assets of a Guarantor and the maximum guaranteed or secured amount may be restricted or limited by the limitations resulting from the Mandatory Rules;

- the security and extent of its perfection will be agreed on the basis that the cost to the Group of providing security (including but not limited to material effects on interest deducibility and/or any increase to the tax cost of the Security Provider and/or Group) and taking into account the applicable tax regime so as to ensure that it is proportionate to the benefit accruing to the Holders. In particular, given that the *Imposta Sostitutiva* regime pursuant to article 15 and subsequent of Italian Presidential Decree No. 601/1973 as amended and supplemented from time to time has not been opted for, security that requires payment in Italy of an ad valorem registration Tax on the amount of the secured obligations (other than any security created, confirmed or extended following any amendments and/or confirmations and extensions of the Security Documents entered into by the Issuer to secure its own obligations as an Issuer) will not be taken (i) unless it can be executed by way of exchange of correspondence or in any other form required under the applicable law (other than Italian law) governing the relevant security which does not give rise to any such ad valorem registration tax, or (ii) if tax duty cannot be minimized upon execution (including through a cap to the secured obligations agreed between the Security Agent and the Issuer and/or by limiting the secured obligations to the relevant collateral provider's own obligations (*obbligazioni proprie*));

- any asset subject to a legal requirement, contract, lease, license, instrument, regulatory constraint (including any agreement with any government or regulatory body) or other third party arrangement, which may prevent or condition that asset from being charged, secured or being subject to the applicable Security Document (including requiring a consent of any third party, supervisory board or works council (or equivalent)) and any asset which, if subject to the applicable Security Document, would give a third party the right to terminate or otherwise amend any rights, benefits and/or obligations with respect to any member of the Group in respect of the asset or require the security provider or any member of the Group to take any action materially adverse to the interests

of the security provider/ Group or any member thereof, in each case will be excluded from a security document; *provided* that commercially reasonable endeavors (exercised for a maximum period of 20 business days (but without incurring material cost or fees and without adverse impact on relationships with third parties) to obtain consent to charging any such assets (where otherwise prohibited) shall be used by the Group if the Security Agent specifies before signing any applicable security document or accession document that the relevant asset is material and the Issuer is satisfied that such commercially reasonable endeavors will not involve placing relationships with third parties in jeopardy;

- the agreement that members of the Group (other than the Issuer) will not be required to give guarantees or enter into security documents if they are not wholly owned by other members of the Group or if it is not within the legal capacity of the relevant members of the Group or if it would conflict with the fiduciary or statutory duties of their directors or contravene any applicable legal, regulatory or contractual prohibition or restriction or have the potential to result in a material risk of personal or criminal liability for any director or officer of or for any member of the Group, and the guaranteed and secured obligations will be limited to avoid any risk to officers of the relevant member of the Group of contravention of their fiduciary duties and/or criminal or personal liability, provided that the relevant member of the Restricted Group shall use commercially reasonable endeavors (but without incurring material cost and without adverse impact on relationships with third parties) to overcome any such obstacle or otherwise such guarantee or Security Document shall be subject to such limit;

- the requirement that, to the extent possible, all security shall be given in favor of the Security Agent and not the secured creditors individually *provided* that it shall be permissible to use "parallel debt" or joint creditorship provisions where necessary but not in respect of Security Documents governed by Italian law (which shall be included in the Intercreditor Agreement and not the individual Security Documents unless required under local law);

- the agreement that the Security Providers and the members of the Group will not be required to pay the costs of any re-execution, notarisation, re-registration, amendment, other perfection requirement, tax or duty for, or in respect of, any security on any assignment or transfer by a Holder unless that assignment or transfer is carried out at the request of any member of the Group and the Holder agrees to such request voluntarily (in circumstances where it is not required to agree to such request pursuant to the terms of this Indenture). The cost or fee shall be for the account of the transferee Holder (unless such cost or fee are for the account of the members of the Group pursuant to the terms of this Indenture);

- where a class of assets to be secured includes material and immaterial assets, if the cost of granting security over the immaterial assets is disproportionate to the benefit of such security, security will be granted over the material assets only;

- any assets subject to third party arrangements which are permitted or not prohibited by the Indenture and the Intercreditor Agreement (and any other principal senior debt document which is secured) and which may prevent those assets from being charged will be excluded from any relevant Transaction Security Document *provided* that reasonable endeavours to obtain consent to charging any such assets shall be used by the Issuer or any of its Restricted Subsidiaries (the "**Restricted Group**") if the relevant asset is material and if the relevant member of the Group determines that such endeavours will not involve placing commercial relationships with third parties in jeopardy;

- the agreement in certain jurisdictions it may be either impossible or impractical to grant guarantees or create security over certain categories of assets, in which case such guarantees shall not be granted and security will not be taken over such assets;

- the agreement that no security may be provided on terms which are inconsistent with the turnover or sharing provisions in the Intercreditor Agreement and guarantees and that security will not be required from or over the assets of, any joint venture or similar arrangement, any *consorzio* and/or *società consortile*, any *associazione temporanea di imprese*, any minority interest or any member of the Group that is not wholly owned by another member of the Group;

- the agreement that the giving of a guarantee, the granting of security and the perfection of the security granted will not be required if and to the extent it would have a material adverse effect on

the ability of the security provider or the relevant member of the Restricted Group to conduct its operations and business in the ordinary course as otherwise permitted by the Indenture and the Intercreditor Agreement (and any other principal senior debt document which is secured);

- any Security Document will only be required to be notarized or notarially certified if required by law in order for the relevant security to become effective or admissible in evidence or for the document to bear a "certified date" as a matter of Italian law;

- the agreement that no title investigations or other diligence on assets will be required and no title insurance will be required;

- the agreement that nothing in any Security Document shall (or be construed to) prohibit any transaction, matter or other step the subject of (or expressed to the subject of) the Security Document if not prohibited by the terms of the Indenture and the Intercreditor Agreement (and any other principal senior debt document which is secured);

- the agreement that the secured parties (or any agent or similar representative appointed by them at the relevant time) shall only be able to exercise a power of attorney following the occurrence of an acceleration event (as defined under the Intercreditor Agreement) and which shall include a declaration of acceleration of the Notes or if the security provider or relevant member of the Group has failed to comply with a further assurance or perfection obligation (and any grace period applicable thereto has expired) but in the latter case, only to the extent necessary to comply with such further assurance or perfection obligation;

- the agreement that if a member of the Restricted Group owns shares in another member of the Restricted Group that is not a Material Subsidiary, no steps shall be taken to create or perfect security over those shares unless that member of the Restricted Group is incorporated in the same jurisdiction as a security provider, a guarantor or a Material Subsidiary whose shares are subject to Transaction Security; and

- the agreement that where possible, the Security Documents governed by Italian law will be executed by way of exchange of correspondence (*scambio di corrispondenza commerciale*), or outside Italy, in order to minimise any documentary tax cost connected with their execution.

Notes Guarantee Release

The Notes Guarantee of a Guarantor will be automatically and unconditionally released and discharged upon:

(1) a sale or other disposition (including by way of consolidation, dissolution or merger) of the Capital Stock of a Guarantor that immediately prior to such sale or other disposition was a Subsidiary of the Issuer (whether by direct sale or sale of a holding company) if the sale or other disposition does not violate the Indenture, the Intercreditor Agreement or any Additional Intercreditor Agreement and such Guarantor ceases to be a Restricted Subsidiary as a result of the sale or other disposition;

(2) the designation in accordance with the Indenture of a Guarantor as an Unrestricted Subsidiary;

(3) legal defeasance, covenant defeasance or satisfaction and discharge of the Notes in accordance with the Indenture, as provided in "*—Defeasance*" and "*—Satisfaction and Discharge*";

(4) pursuant to the provisions of the Intercreditor Agreement or any Additional Intercreditor Agreement;

(5) as described under "*—Amendments and Waivers*";

(6) as described in the second paragraph of the covenant described below under "*—Certain Covenants—Additional Guarantees*";

(7) in connection with a Permitted Reorganization; or

(8) as a result of a transaction that would not be prohibited under "*—Certain Covenants—Merger and Consolidation*."

At the request and expense of the Issuer, the Trustee and the Security Agent, as applicable, shall take all reasonably necessary actions, including the granting of releases or waivers under the Intercreditor Agreement or any Additional Intercreditor Agreement, to effectuate any release or amendment of a Notes Guarantee in accordance with these provisions, subject to customary protections and indemnifications. Each of the releases and amendments set forth above shall be effected by the Trustee without any consent of the Holders or any other action or consent on the part of the Trustee.

Security

General

On the Issue Date, the Notes will not be secured by any collateral. On January 24, 2025, the Issuer, jointly with MSC, the direct shareholder of the Issuer, submitted an application with the Italian Golden Power Authority (as defined herein) pursuant to the Italian Golden Power Legislation (as defined herein) to obtain the Italian Golden Power Clearance with respect to the granting or reconfirming, as applicable, on a first-ranking basis of: (i) a pledge over all of the shares of the Issuer held by MSC (the "**Issuer Share Collateral**"), (ii) a pledge over all of the shares of Servizi Ospedalieri held by the Issuer, (iii) a pledge over all of the quota of Teckal held by the Issuer (i.e., approximately 91% of the quota of Teckal), and (iv) an assignment by way of security of the Issuer's interest in the receivables in respect of certain material intercompany loans owing to it by the Guarantors and H2H Facility Solutions (collectively, the "**Collateral**"). Subject to the Agreed Security Principles and certain perfection requirements, the Notes will be secured on a first-ranking basis by the Issuer Share Pledge within five Business Days, and by the remaining Collateral within 30 calendar days, respectively, from and excluding the later of (i) the Issue Date and (ii) the Italian Golden Power Clearance Date (as defined herein). If the Italian Golden Power Clearance is not obtained, the Notes will remain unsecured obligations of the Issuer and failure to grant the Collateral due to non-receipt of the Italian Golden Power Clearance will not be an event of default in the Indenture and the Notes.

Subject to the obtainment of the Italian Golden Power Clearance, the assets that comprise the Collateral will also secure on a first-priority basis the Revolving Credit Facility and certain Hedging Obligations, which, in each case, pursuant to the Intercreditor Agreement will be contractually entitled to receive proceeds from the enforcement of the Collateral in priority to the Notes. See "*Risk Factors — Risks related to the Notes, the Notes Guarantee and the Collateral – Creditors under the Revolving Credit Facility and certain future hedging obligations, if any, and certain debt that we incur in the future may be entitled to be repaid with the proceeds of the Collateral securing the Notes in priority to the Notes*." In addition, subject to the obtainment of the Italian Golden Power Clearance, the Revolving Credit Facility will also be secured by a special lien (*privilegio speciale*) granted by Issuer over its movable assets.

Subject to certain conditions, and subject to the restrictions described under "*—Certain Covenants—Impairment of Security Interest*" and "*—Certain Covenants—Limitation on Liens*," the Issuer will be permitted to grant security over the Collateral in connection with future issuances of Indebtedness or Indebtedness of the Restricted Subsidiaries, including Additional Notes, as permitted under the Indenture and the Intercreditor Agreement.

All Collateral will be subject to the operation of the Agreed Security Principles and any Permitted Collateral Liens. The Collateral will be pledged or assigned pursuant to the Security Documents to the Security Agent acting in its capacity as agent and representative (rappresentante) pursuant to Article 2414-bis, paragraph 3, of the Italian Civil Code on behalf of the Holders, the finance parties under the Revolving Credit Facility and other secured parties. Any other security interests that may in the future be granted to secure obligations under the Notes, any Notes Guarantees and the Indenture would also constitute "Collateral." Any future additional Collateral (for the avoidance of doubt, other than Collateral that is released and retaken either (i) pursuant to clause (1) under "*—Release of Liens*" or (ii) as would not be prohibited under "*—Certain Covenants—Impairment of Security Interest*") will be subject to the Agreed Security Principles and all Collateral will be subject to any Permitted Collateral Liens.

The Liens on the Collateral will be limited as necessary to recognize certain limitations arising under or imposed by local law and defenses generally available to providers of Collateral (including those that relate to fraudulent conveyance or transfer, voidable preference, financial assistance, corporate purpose or benefit, capital maintenance or similar laws, regulations or defenses affecting the rights of creditors generally) or other considerations under applicable law. For a brief description of such limitations, see "*Risk Factors — Risks related to the Notes, the Notes Guarantee and the Collateral—Corporate benefit, financial assistance laws, capital maintenance and other limitations on the Notes Guarantee and the Collateral may adversely affect the validity and enforceability of the Notes Guarantee and the Collateral*" and "*Certain limitations on validity and*

enforceability of the Notes Guarantees and the Collateral and certain insolvency law considerations." See also "*Risk Factors—Risks related to the Notes, the Notes Guarantee and the Collateral—The grant of the Notes Guarantee and the Guarantor Collateral are subject to the Italian Golden Power Legislation and the outcome of such process is uncertain*."

Notwithstanding the foregoing and the provisions of the covenants described below under "*—Certain Covenants—Limitation on Liens*" and "*—Certain Covenants—Additional Guarantees*," certain property, rights and assets (other than the Collateral described in the first paragraph of this section) may not be pledged or assigned, and any pledge or assignment over property, rights and assets may be limited (or the Liens not perfected) and certain Persons may grant Notes Guarantees or such Notes Guarantees may be limited, in each case, in accordance with the Agreed Security Principles. See "*—The Notes Guarantees—General*" for a summary of certain terms of the Agreed Security Principles.

No appraisals of the Collateral have been made in connection with this offering of the Notes. By its nature, some or all of the Collateral will be illiquid and may have no readily ascertainable market value. Accordingly, the Collateral may not be able to be sold in a short period of time, or at all. See "*Risk Factors—Risks Related to the Notes, the Guarantees and the Collateral—The Notes will be secured only to the extent of the value of the Collateral that has been granted as security for the Notes and other secured indebtedness may be secured by certain assets that do not secure the Notes*"; and "*—The value of the Collateral securing the Notes may not be sufficient to satisfy our obligations under the Notes and such collateral may be reduced or diluted under certain circumstances.*"

Priority

The relative contractual priority with regard to the security interests in the Collateral that are created by the Security Documents (the "**Security Interests**" and each, a "**Security Interest**") as between (a) the lenders under the Revolving Credit Facility, (b) the counterparties under certain Hedging Obligations, (c) the Trustee, the Security Agent, the Paying Agent, Registrar and Transfer Agent (collectively, the "**Agents**") and the Holders under the Indenture and (d) the creditors of certain other Indebtedness permitted to be secured by the Collateral, respectively, will be established by the terms of the Intercreditor Agreement, the Indenture, the Notes and the Security Documents, which will provide, among other things, that the obligations of the Issuer and any Guarantors under the Revolving Credit Facility, certain Hedging Obligations, the Notes and any Notes Guarantees will be secured equally and ratably by first-priority Security Interests over the Collateral, subject to the Agreed Security Principles. The Intercreditor Agreement also provides, among other things, that the obligations of the Issuer and any Guarantors under the Revolving Credit Facility and certain Hedging Obligations will receive proceeds from the enforcement of the Collateral in priority to the Notes. See "*Description of Certain Financing Arrangements—Intercreditor Agreement*." In addition, subject to certain limitations, the Collateral may be pledged to secure future Indebtedness, some of which may receive proceeds from the enforcement of the Collateral in priority to the Notes. See "*—Release of Liens*," "*—Certain Covenants—Impairment of Security Interest*" and "*—Certain Definitions—Permitted Collateral Liens*."

Security Documents

Under the Security Documents, security is, or will be, granted over the Collateral to secure the payment, when due, of the Issuer's payment obligations under the Notes, and the payment obligations of the Issuer and the Guarantors under the Indenture, as well as the payment obligations of the Issuer and the Guarantors under the Revolving Credit Facility and certain Hedging Obligations (if any). The Security Documents will be entered into by the relevant security provider and the Security Agent as agent for the secured parties for the benefit of the secured parties (including itself, the Trustee and the Holders of Notes from time to time), as legal representative (mandatario con rappresentanza) under the Indenture and as representative (rappresentante) of the Holders pursuant to and for the purposes set forth under Article 2414 bis, paragraph 3, of the Italian Civil Code. Under the Intercreditor Agreement, the Security Agent also acts as an agent of the finance parties under the Revolving Credit Facility and the counterparties under certain Hedging Obligations, if any, in relation to the Security Interests created in favor of such parties.

Both the Indenture and the Intercreditor Agreement will provide that, to the extent permitted by applicable law, only the Security Agent has the right to enforce the Security Documents on behalf of the Trustee and the Holders. As a consequence of such contractual provisions, Holders will not be entitled to take enforcement action in respect of the Collateral securing the Notes, except through the Trustee under the Indenture, who will (subject to the provisions of the Indenture) provide instructions to the Security Agent.

Under the Intercreditor Agreement, the Security Agent will also act in the name and on behalf of the lenders under the Revolving Credit Facility Agreement and the counterparties under certain Hedging Obligations, if any, in relation to the Security Interest in favor of such parties.

The Indenture will provide that, subject to the terms thereof and of the Security Documents and the Intercreditor Agreement, the Notes and the Indenture, as applicable, are, or will be, secured by Security Interests in the Collateral until all obligations under the Notes and the Indenture have been discharged. However, the Security Interests with respect to the Notes and the Indenture may be released under certain circumstances as provided under *"—Release of Liens*."

In the event that the Issuer or its Subsidiaries enter into insolvency, bankruptcy, judicial liquidation or similar proceedings, the Security Interests created under the Security Documents or the rights and obligations enumerated in the Intercreditor Agreement could be subject to potential challenges. If any challenge to the validity of the Security Interests or the terms of the Intercreditor Agreement were to be successful, the Holders may not be able to recover any amounts under the Security Documents. See "*Risk Factors—Risks Related to the Notes, the Guarantees and the Security Interests.*"

Enforcement of Security Interest; Limitations

The Security Documents will provide that the rights under the Security Documents must be exercised by the Security Agent (including in its role as representative (*rappresentante*) of the Holders pursuant to and for the purposes set forth under Article 2414 bis, paragraph 3, of the Italian Civil Code). Since the Holders will not be a party to the Security Documents, Holders will not, individually or collectively, be entitled to take any direct action to enforce any rights in their favor under the Security Documents. The Holders may only act through the Security Agent (including in its role as Security Representative) or the Trustee (as applicable).

To the extent permitted by the applicable laws and subject to the terms of the Intercreditor Agreement and the Indenture, Holders will, in certain circumstances, be entitled to direct the Trustee to provide instructions to the Security Agent for the enforcement of security over the Collateral. The Indenture and the Intercreditor Agreement will restrict the ability of Holders or the Trustee to enforce the Security Interests and provide for the release of the Security Interests created by the Security Documents in certain circumstances upon enforcement by the lenders under the Revolving Credit Facility Agreement. These limitations are described under "*Description of Certain Financing Arrangements—Intercreditor Agreement*" and "*Certain Limitations on Validity and Enforceability of the Collateral and Certain Insolvency Law Considerations—Certain Insolvency Law Considerations*". The ability to enforce may also be restricted by similar arrangements in relation to future indebtedness that is secured on the Collateral in compliance with the Indenture and the Intercreditor Agreement.

The creditors under the Revolving Credit Facility, the counterparties to certain Hedging Obligations (if any) secured by the Collateral and the Trustee has and, by accepting a Note, each Holder will be deemed to have, appointed the Security Agent as its agent and *mandatario con rappresentanza* under the Intercreditor Agreement and the security documents securing such Indebtedness, including the Security Documents. Furthermore, each Holder will have deemed to have appointed the Security Agent as *mandatario con rappresentanza* pursuant to article 1704 of the Italian Civil Code and as representative (*rappresentante*) pursuant to article 2414-bis, paragraph 3, of the Italian Civil Code for the Holders, to act on its behalf under the Intercreditor Agreement and the relevant security documents securing such Indebtedness, including the Security Documents. The creditors under the Revolving Credit Facility, the counterparties to Hedging Obligations (if any) secured by the Collateral and the Trustee have and, by accepting a Note, each Holder will be deemed to have, authorized and directed the Security Agent under the Intercreditor Agreement and/or the Indenture (as applicable) to (i) perform the duties and exercise the rights, powers and discretions that are specifically given to it under the Intercreditor Agreement and the Security Documents securing such Indebtedness, together with any other incidental rights, power and discretions; and (ii) execute each relevant Security Document, waiver, modification, amendment, renewal or replacement expressed to be executed by the Security Agent in the name and on its behalf.

Intercreditor Agreement; Additional Intercreditor Agreements; Agreement to be Bound

The Indenture will provide that the Trustee will be authorized (without any further consent of the Holders) to enter into the Intercreditor Agreement to give effect to the provisions described in the section entitled "*Description of Certain Financing Arrangements—Intercreditor Agreement*."

The Indenture will also provide that each Holder of the Notes, by accepting such Note, will be deemed to have:

(1) appointed and authorized the Security Agent and the Trustee to give effect to the provisions in the Intercreditor Agreement, any Additional Intercreditor Agreements and the Security Documents;

(2) authorized the Security Agent and the Trustee, as applicable, to enter into the Security Documents and the Intercreditor Agreement;

(3) agreed to be bound by the provisions of the Intercreditor Agreement, any Additional Intercreditor Agreements and the Security Documents;

(4) agreed to, and accepted, the appointment of The Law Debenture Trust Corporation p.l.c. as common representative *(rappresentante comune*) of the Holders pursuant to Articles 2417 and 2418 of the Italian Civil Code;

(5) agreed to, and accepted, the appointment of UniCredit S.p.A., as representative (*rappresentante*) of the Holders for the purposes of Article 2414 bis, paragraph 3, of the Italian Civil Code in relation to the Security Documents;

(6) agreed and acknowledged that the Security Agent will administer the Collateral in accordance with the Intercreditor Agreement, any Additional Intercreditor Agreement, the Indenture and the Security Documents; and

(7) irrevocably appointed and authorized the Security Agent and the Trustee, as applicable, to act on its behalf to enter into and comply with the provisions of the Intercreditor Agreement, any Additional Intercreditor Agreements and the Security Documents and to be bound thereby and to perform their respective obligations and exercise their respective rights thereunder in accordance therewith.

See "Risk Factors—Risks Related to the Notes, the Guarantees and the Collateral—The security interests in the Collateral will be granted to the Security Agent rather than directly to the holders of the Notes. The ability of the Security Agent to enforce the Collateral may be restricted by local law" and *"Description of Certain Financing Arrangements—Intercreditor Agreement."*

Similar provisions to those described above may be included in any Additional Intercreditor Agreement (as defined below) entered into as described under "*—Certain Covenants—Additional Intercreditor Agreements*."

Release of Liens

The Security Interests in respect of the Collateral will be automatically and unconditionally released under any one or more of the following circumstances:

(1) other than in respect of the Issuer Share Collateral, in connection with any sale or other disposition of Collateral to (a) any Person that is not the Issuer or a Restricted Subsidiary (but excluding any transaction subject to "*—Certain Covenants—Merger and Consolidation*"), if such sale or other disposition does not violate the covenant described under "*—Certain Covenants—Limitation on Sales of Assets and Subsidiary Stock*" and is otherwise not prohibited under the Indenture or (b) to any Restricted Subsidiary; *provided* that this clause (1)(b) shall not be relied upon in the case of a transfer of Capital Stock, obligations under proceeds loans owed to the Issuer, or accounts receivable (including intercompany loan receivables and hedging receivables) to a Restricted Subsidiary (except, in the case of accounts receivable, to a Receivables Subsidiary) unless the relevant property and assets remain subject to, or otherwise become subject to a Lien in favor of the Notes following such transfer, sale or disposal;

(2) in the case of a Guarantor that is released from its Notes Guarantee pursuant to the terms of the Indenture, the release of the property and assets, and Capital Stock, of such Guarantor;

(3) as described under "*—Amendments and Waivers*";

(4) upon payment in full of principal, interest and all other obligations on the Notes or legal defeasance, covenant defeasance or satisfaction and discharge of the Notes, as provided in "*—Defeasance*" and "*—Satisfaction and Discharge*";

(5) if the Issuer designates any Restricted Subsidiary to be an Unrestricted Subsidiary in accordance with the applicable provisions of the Indenture, the release of the property and assets, and Capital Stock, of such Unrestricted Subsidiary;

(6) in the case of any security interests over intra-group receivables (if any), upon partial repayment or discharge thereof, the security interests created over such receivables will be automatically reduced in proportion to such partial repayment or discharge and, upon full repayment or discharge thereof, the security interests shall be automatically and fully released and of no further effect;

(7) upon the contribution of any claim of the Issuer or any Restricted Subsidiary, which is subject to a Lien, to the equity of the Issuer or any of the Restricted Subsidiaries; provided that such contribution is made in compliance with the Intercreditor Agreement;

(8) in connection with a Permitted Reorganization;

(9) other than in respect of the Issuer Share Collateral, in the case of any consolidation, merger or other transfer of assets in a transaction in compliance with the covenant described under "*Certain Covenants—Merger and Consolidation*";

(10) (i) in connection with an Initial Public Offering of the Issuer, the release, at the option of the Issuer, of all or part of the Issuer Share Collateral within a reasonable time prior thereto to facilitate such Initial Public Offering and (ii) following an Initial Public Offering of the Issuer, the release of any Security Interests over all or part of the Capital Stock of the Issuer that is subject to Security Interests in connection with issuances and/or sales of such Capital Stock within a reasonable time prior thereto to facilitate such issuance or sale; provided that, in each case, such Security Interests so released shall, as soon as reasonably practicable, be granted in favor of the Notes in the event that the Initial Public Offering or other sale or issuance, as the case may be, does not complete for any reason; or

(11) as otherwise not prohibited by the Indenture.

In addition, the Security Interests created by the Security Documents will be released (a) in accordance with the Intercreditor Agreement or any Additional Intercreditor Agreement and (b) as would not be prohibited under "*Certain Covenants—Impairment of Security Interest*."

At the request and expense of the Issuer or the relevant pledgor, the Security Agent and, to the extent reasonably required or necessary, the Trustee will take all necessary action reasonably requested to effectuate any release of Collateral securing the Notes and any Notes Guarantees, including executing and delivering any appropriate document or instrument evidencing such release (in the reasonable form provided by the Issuer), in accordance with the provisions of the Indenture, the Intercreditor Agreement or any Additional Intercreditor Agreement and the relevant Security Document, subject to customary protections and indemnification. Each of the releases set forth above shall occur automatically or, if required to effect the release, be effected by the Security Agent without the consent of the Holders or any action on the part of the Trustee (unless action is reasonably requested to effect such release). The Security Agent and, only to the extent any action is necessary or required by it to effect the release, the Trustee shall be entitled to request and rely solely upon an Officer's Certificate and Opinion of counsel, each certifying which circumstance, as described above, giving rise to a release of the Security Interests has occurred, and that such release complies with the Indenture and that all conditions precedent in respect of such release have been satisfied.

Transfer and Exchange

The Notes will be issued in the form of registered notes in global form without interest coupons, as follows:

- Notes sold within the United States to qualified institutional buyers pursuant to Rule 144A under the Securities Act ("**Rule 144A**") will initially be represented by one or more global notes in registered form without interest coupons attached (the "**144A Global Notes**"). The 144A Global Notes will, on the Issue Date, be deposited with and registered in the name of the nominee of the common depositary for the accounts of Euroclear and Clearstream; and

- Notes sold outside the United States pursuant to Regulation S under the Securities Act ("**Regulation S**") will initially be represented by one or more global notes in registered form without interest coupons attached (the "**Regulation S Global Notes**" and, together with the 144A Global Notes, the "**Global Notes**"). The Regulation S Global Note will, on the Issue Date, be deposited with and registered in the name of the nominee of the common depositary for the accounts of Euroclear and Clearstream.

Ownership of interests in the Global Notes ("**Book-Entry Interests**") will be limited to persons that have accounts with Euroclear and Clearstream or persons that may hold interests through such participants.

Ownership of interests in the Book-Entry Interests and transfers thereof will be subject to the restrictions on transfer and certification requirements summarized below and described more fully under "*Notice to Investors*." In addition, transfers of Book-Entry Interests between participants in Euroclear or participants in Clearstream will be effected by Euroclear and Clearstream pursuant to customary procedures and subject to the applicable rules and procedures established by Euroclear or Clearstream and their respective participants.

Book-Entry Interests in the 144A Global Notes may be transferred to a person who takes delivery in the form of Book-Entry Interests in the Regulation S Global Notes only upon delivery by the transferor of a written certification (in the form provided in the Indenture) to the effect that such transfer is being made in accordance with Regulation S.

Subject to the foregoing, Book-Entry Interests in the Regulation S Global Notes may be transferred to a person who takes delivery in the form of Book-Entry Interests in the 144A Global Note only upon delivery by the transferor of a written certification (in the form provided in the Indenture) to the effect that such transfer is being made to a person who the transferor reasonably believes is a "**qualified institutional buyer**" within the meaning of Rule 144A) in a transaction meeting the requirements of Rule 144A or otherwise in accordance with the transfer restrictions described under "*Notice to Investors*" and in accordance with any applicable securities law of any other jurisdiction.

Any Book-Entry Interest that is transferred as described in the two immediately preceding paragraphs will, upon transfer, cease to be a Book-Entry Interest in the Global Note from which it was transferred and will become a Book-Entry Interest in the Global Note to which it was transferred. Accordingly, from and after such transfer, it will become subject to all transfer restrictions, if any, and other procedures applicable to Book-Entry Interests in the Global Note to which it was transferred.

If Definitive Registered Notes are issued, they will be issued only in minimum denominations of €100,000 principal amount, and integral multiples of €1,000 in excess thereof, upon receipt by the Registrar of instructions relating thereto and any certificates, opinions and other documentation required by the Indenture. It is expected that such instructions will be based upon directions received by Euroclear or Clearstream, as applicable, from the participant which owns the relevant Book-Entry Interests. Definitive Registered Notes issued in exchange for a Book-Entry Interest will, except as set forth in the Indenture or as otherwise determined by the Issuer in compliance with applicable law, be subject to, and will have a legend with respect to, the restrictions on transfer summarized below and described more fully under "*Notice to Investors*."

Subject to the restrictions on transfer referred to above, Notes issued as Definitive Registered Notes may be transferred or exchanged, in whole or in part, in minimum denominations of €100,000 in principal amount and integral multiples of €1,000 in excess thereof. In connection with any such transfer or exchange, the Indenture will require the transferring or exchanging Holder to, among other things, furnish appropriate endorsements and transfer documents, to furnish information regarding the account of the transferee at Euroclear or Clearstream, where appropriate, to furnish certain certificates and opinions, and to pay any Taxes in connection with such transfer or exchange. Any such transfer or exchange will be made without charge to the Holder, other than any Taxes payable in connection with such transfer.

Notwithstanding the foregoing, the Issuer is not required to register the transfer or exchange of any Definitive Registered Notes:

(1) for a period of 15 days prior to any date fixed for the redemption of the Notes;

(2) for a period of 15 days immediately prior to the date fixed for selection of Notes to be redeemed in part;

(3) for a period of 15 days prior to the record date with respect to any interest payment date; or

(4) which the Holder has tendered (and not withdrawn) for repurchase in connection with a Change of Control Offer or an Asset Disposition Offer.

The Issuer, the Trustee, any Paying Agent, the Transfer Agent and the Registrar will be entitled to treat the registered Holder of a Note as the owner thereof for all purposes.

Restricted Subsidiaries and Unrestricted Subsidiaries

As of the Issue Date, each of the Issuer's Subsidiaries will be a Restricted Subsidiary. However, in the circumstances described below under "*—Certain Definitions—Unrestricted Subsidiary*," the Issuer will be permitted to designate Restricted Subsidiaries that are Subsidiaries of the Issuer as Unrestricted Subsidiaries. Unrestricted Subsidiaries will not be subject to any of the restrictive covenants in the Indenture.

Optional Redemption

Except as described in the paragraphs below and under "*—Redemption for Taxation Reasons*," the Notes offered hereby are not redeemable until September 15, 2026. On and after September 15, 2026 and until, but excluding, the Maturity Date, the Issuer may redeem all or, from time to time, part of the Notes upon not less than 10 nor more than 60 days' prior written notice, at 104.500% plus accrued and unpaid interest and Additional Amounts, if any, to, but not including, the applicable redemption date (subject to the right of Holders of record on the relevant record date to receive interest due on the relevant interest payment date falling prior to or on the redemption date). On the Maturity Date, the Notes will be redeemable at par.

Notwithstanding the foregoing, upon not less than 10 nor more than 60 days' notice, the Issuer may redeem in the aggregate up to 40% of the aggregate principal amount of the Notes (calculated after giving effect to any issuance of Additional Notes) at any time prior to September 15, 2026, following one or more Equity Offerings by the Issuer or any Parent with an amount equal to the Net Cash Proceeds of such Equity Offering, to the extent (in the case of an Equity Offering by a Parent) that such Net Cash Proceeds thereof are contributed to the common equity capital of the Issuer or used to purchase Capital Stock (other than Disqualified Stock) of the Issuer through an issuance of Capital Stock by the Issuer, at a redemption price equal to 109.00% of the aggregate principal amount of the Notes to be redeemed, plus accrued and unpaid interest and Additional Amounts, if any, to, but not including, the applicable redemption date (subject to the right of Holders of record on the relevant record date to receive interest due on the relevant interest payment date falling prior to or on the redemption date) *provided* that:

(1) at least 50% of the original aggregate principal amount of the Notes (including the original principal amount of any Additional Notes) remains outstanding immediately after each such redemption (unless all outstanding Notes are redeemed substantially concurrently therewith); and

(2) the redemption occurs within 180 days after the closing of such Equity Offering.

At any time and from time to time prior to September 15, 2026, the Issuer may, at its option, during each calendar year redeem up to 10% of the original principal amount of the Notes (including the original principal amount of any Additional Notes), upon not less than 10 nor more than 60 days' notice, at a redemption price equal to 103% of the principal amount of the Notes so redeemed, plus accrued and unpaid interest and Additional Amounts, if any, to, but not including, the applicable redemption date (subject to the right of Holders of record on the relevant record date to receive interest due on the relevant interest payment date falling prior to or on the redemption date).

In addition, prior to September 15, 2026, the Issuer may redeem all or, from time to time, part of the Notes upon not less than 10 nor more than 60 days' prior written notice at a redemption price equal to 100% of the principal amount of the Notes, plus the Applicable Premium (as defined below), plus accrued and unpaid interest and Additional Amounts, if any, to, but not including, the applicable redemption date (subject to the right of Holders of record on the relevant record date to receive interest due on the relevant interest payment date falling prior to or on the redemption date).

Specified Asset Disposal Mandatory Redemption

In the event the Issuer or any of its Restricted Subsidiaries receives Net Available Cash at any time until, but excluding, the Maturity Date, from one or more Specified Asset Disposals (in each case, the "**Specified Asset Disposal Sale Proceeds**") the Issuer shall, within 45 Business Days after the receipt of the relevant Specified Asset Disposal Sale Proceeds, and after giving 10 days' prior notice (which notice shall be irrevocable), (i) redeem Notes utilizing the Net Available Cash from each such Specified Asset Disposal at a redemption price equal to 103.00% in an aggregate principal amount of no more than the Specified Asset Disposal Mandatory Redemption Floor and (ii) pay accrued and unpaid interest and Additional Amounts, if any, to, but not including, the applicable redemption date (subject to the right of Holders of record on the relevant record date to receive interest due on the relevant interest payment date falling prior to or on the redemption date) utilizing any funds available to the Issuer or any of its Restricted Subsidiary (the "**Specified Asset Disposal Mandatory Redemption**"), *provided* that, to the extent that, pursuant to the terms of the Revolving Credit Facility as of the Issue Date, such Specified Asset

Disposal Sale Proceeds are required to be applied to repay Indebtedness thereunder, the amount of Notes required to be redeemed pursuant to this provision shall be reduced by such amount. See "*Description of Certain Financing Arrangements—Revolving Credit Facility Agreement—Repayments and Prepayments*."

General

Subject to compliance with the covenants contained herein, the Issuer and its affiliates may at any time and from time to time purchase Notes. Any such purchases may be made through open market or privately negotiated transactions with third parties or pursuant to one or more tender or exchange offers or otherwise, upon such terms and at such prices as well as with such consideration as the Issuer or any such affiliates may determine, and the amounts purchased may be material.

Notice of redemption will be provided as set forth under "*Selection and Notice*" below.

If the Issuer effects an optional redemption of Notes, it will, for so long as the Notes are listed on the Luxembourg Stock Exchange and the rules of the Luxembourg Stock Exchange so require, inform the Luxembourg Stock Exchange of such optional redemption and confirm the aggregate principal amount of the Notes that will remain outstanding immediately after such redemption.

If the optional redemption date is on or after an interest record date and on or before the related interest payment date, the accrued and unpaid interest will be paid to the Person in whose name the Note is registered at the close of business on such record date, and no additional interest will be payable to Holders whose Notes will be subject to redemption by the Issuer.

In connection with any redemption of Notes, any such redemption may, at the Issuer's discretion, be subject to one or more conditions precedent. In addition, if such redemption or notice is subject to satisfaction of one or more conditions precedent, such notice may state that, in the Issuer's discretion, the redemption date may be delayed until such time as any or all such conditions shall be satisfied (*provided*, *however*, that, in any case, such redemption date shall be no more than 60 days from the date on which such notice is first given except that redemption notices may be delivered more than 60 days prior to a redemption date if the notice is issued in connection with a defeasance of the Notes or a satisfaction and discharge of the Indenture pursuant to the provisions thereof), or such redemption may not occur and such notice may be rescinded in the event that any or all such conditions shall not have been satisfied by the redemption date, or by the redemption date so delayed.

The Issuer may redeem Notes pursuant to one or more of the relevant provisions in the Indenture, and, subject to the requirements of the relevant clearing system, a single notice of redemption may be delivered with respect to redemptions made pursuant to different provisions. Any such notice may provide that redemptions made pursuant to different provisions will have the same or different redemption dates.

Notwithstanding the foregoing, in connection with any tender offer for the Notes, including a Change of Control Offer or Asset Disposition Offer, if Holders of Notes of not less than 90% in aggregate principal amount of the applicable outstanding Notes validly tender and do not withdraw such Notes in such tender offer and the Issuer, or any third party making such a tender offer in lieu of the Issuer, purchases, all of the Notes validly tendered and not withdrawn by such Holders, the Issuer or such third party will have the right upon not less than 10 nor more than 60 days' prior notice, given not more than 30 days following such tender offer expiration date, to redeem the Notes that remain outstanding in whole, but not in part following such purchase at a price equal to the price (excluding any early tender fee) offered to each other Holder of Notes in such tender offer (*provided, however*, that such price shall not be less than 100% of the principal amount of the Notes), plus, to the extent not included in the tender offer payment, accrued and unpaid interest, if any, thereon, to, but excluding, such redemption date.

Notwithstanding any other the provision to the contrary, if the Total Remuneration at any time exceeds the maximum remuneration permitted under applicable Italian law (including Italian Law No. 108 of March 7, 1996, as amended and supplemented), then the Total Remuneration shall immediately and automatically be reduced to the maximum admissible remuneration pursuant to applicable Italian law for, and limited to, the period during which it is not possible to apply the remuneration as originally provided.

Sinking Fund

The Issuer is not required to make mandatory redemption payments or sinking fund payments with respect to the Notes.

Redemption at Maturity

On September 15, 2029, the Issuer will redeem the Notes that have not been previously redeemed or purchased and cancelled at 100% of their principal amount plus accrued and unpaid interest thereon and Additional Amounts, if any, to the redemption date.

Selection and Notice

If less than all of the outstanding Notes are to be redeemed at any time, the Paying Agent or the Registrar (as applicable) will select Notes for redemption on a *pro rata* basis (or, in the case of Notes issued as in global form as discussed under "*Book-Entry; Delivery and Form*," based on a method that most nearly approximates a *pro rata* selection in accordance with the procedures of the relevant clearing system), unless otherwise required by law or applicable stock exchange, clearing system or depositary requirements. Neither the Trustee, the Paying Agent nor the Registrar will be liable for any selections made in accordance with this paragraph.

For so long as the Notes are listed on the Luxembourg Stock Exchange and the rules of the Luxembourg Stock Exchange so require, the Issuer shall publish notice of redemption in a leading newspaper of general circulation in Luxembourg (which is expected to be the Luxemburger Wort) and in addition to such publication, not less than 10 nor more than 60 days prior to the redemption date, mail such notice to Holders by first class mail, postage prepaid, at their respective addresses as they appear on the registration books of the Registrar. While in global form, notices to Holders may be delivered via Euroclear and Clearstream in lieu of notice via registered mail. Such notice of redemption may instead be published on the website of the Luxembourg Stock Exchange (*www.bourse.lu*).

If any Note is to be redeemed in part only, the notice of redemption that relates to that Note shall state the portion of the principal amount thereof to be redeemed. In the case of a Definitive Registered Note, a new Definitive Registered Note in principal amount equal to the unredeemed portion of any Definitive Registered Note redeemed in part will be issued in the name of the Holder thereof upon cancellation of the original Definitive Registered Note. In the case of a Global Note, an appropriate notation will be made on such Global Note (or otherwise in accordance with the applicable procedures of the relevant clearing system) to decrease the principal amount thereof to an amount equal to the unredeemed portion thereof. Subject to the terms of the applicable redemption notice, Notes called for redemption become due on the date fixed for redemption. On and after the redemption date, interest ceases to accrue on Notes or portions of Notes called for redemption.

Redemption for Taxation Reasons

The Issuer may redeem the Notes in whole, but not in part, at any time upon giving not less than 10 nor more than 60 days' prior written notice to the Holders (which notice will be irrevocable) at a redemption price equal to 100% of the principal amount thereof, together with accrued and unpaid interest, if any, to the date fixed for redemption (a "**Tax Redemption Date**") and all Additional Amounts (as defined below under "*—Withholding Taxes*"), if any, then due and which will become due on the Tax Redemption Date as a result of the redemption or otherwise if the Issuer determines in good faith that, as a result of:

(1) any change in, or amendment to, the law or treaties (or any official and published protocols, regulations or rulings promulgated thereunder) of a Relevant Taxing Jurisdiction (as defined below) affecting taxation; or

(2) any amendment to, an introduction of or change in, an official application, administration or written interpretation of such laws, treaties, official and published protocols, regulations or rulings (including by reason of a holding, judgment or order by a court of competent jurisdiction or a change in published practice) (each of the foregoing in clauses (1) and (2), a "**Change in Tax Law**"),

a Payor (as defined below) is, or on the next interest payment date in respect of the Notes would be, required to pay Additional Amounts with respect to the Notes or with respect to any Notes Guarantee (but, in the case of a Guarantor, only if the payment giving rise to such requirement cannot be made by the Issuer or another Guarantor who can make such payment without the obligation to pay Additional Amounts), and such obligation cannot be avoided by taking reasonable measures available to the Payor (including, for the avoidance of doubt, the appointment of a new Paying Agent where this would be reasonable). Such Change in Tax Law must not be publicly announced prior to and must become effective on or after the Issue Date (or if the applicable Relevant Taxing Jurisdiction became a Relevant Taxing Jurisdiction on a date after the Issue Date, such later date). The foregoing provisions shall apply *mutatis mutandis* to any successor Person, after such successor Person becomes

a party to the Indenture, with respect to a change or amendment occurring after the time such successor Person becomes a party to the Indenture.

Notice of redemption for taxation reasons will be published in accordance with the procedures described under "—*Selection and Notice*." Notwithstanding the foregoing, no such notice of redemption will be given earlier than 60 days prior to the earliest date on which the Payor would be obligated to make such payment of Additional Amounts. Prior to the publication or mailing of any notice of redemption of Notes pursuant to the foregoing, the Issuer will deliver to the Trustee (with a copy to the Paying Agent) (a) an Officer's Certificate stating that it is entitled to effect such redemption and setting forth a statement of facts showing that the conditions precedent to its right so to redeem have been satisfied and that it cannot avoid its obligation to pay Additional Amounts by taking reasonable measures available to it and (b) an opinion of an independent tax counsel of recognized standing and reasonably satisfactory to the Trustee (such approval not to be unreasonably withheld) to the effect that the Payor has been or will become obligated to pay Additional Amounts as a result of a Change in Tax Law. The Trustee will accept and shall be entitled to rely on such Officer's Certificate and opinion as sufficient evidence of the satisfaction of the conditions precedent described above, without liability or further inquiry, in which event it will be conclusive and binding on the Holders.

Withholding Taxes

All payments made by or on behalf of the Issuer or any Guarantor (including any successor entity) (each, a "**Payor**") in respect of the Notes or with respect to any Notes Guarantee, as applicable, will be made free and clear of and without withholding or deduction for, or on account of, any Taxes unless the withholding or deduction of such Taxes is then required by law (including any taxing authority's interpretation or administration thereof). If any deduction or withholding for, or on account of, any Taxes imposed or levied by or on behalf of:

(1) the Republic of Italy or any political subdivision or governmental authority thereof or therein having the power to tax;

(2) any jurisdiction from or through which payment on any such Note (including pursuant to any Notes Guarantee) is made, or any political subdivision or governmental authority thereof or therein having the power to tax, by or on behalf of any Payor (including the jurisdiction of the Paying Agent); or

(3) any other jurisdiction in which a Payor that actually makes a payment on the Notes or the Notes Guarantee is incorporated, organized, considered or deemed to be a resident for tax purposes, or any political subdivision or governmental authority thereof or therein having the power to tax (each of clause (1), (2) and (3), a "**Relevant Taxing Jurisdiction**"),

will at any time be required by law to be made from any payments made by or on behalf of the Payor with respect to any Note or any Notes Guarantee, including payments of principal, redemption price, interest or premium, if any, the Payor will pay (together with such payments) such additional amounts (the "**Additional Amounts**") as may be necessary in order that the net amounts received by each Holder in respect of such payments, after such withholding or deduction (including any such deduction or withholding from such Additional Amounts), will not be less than the amounts which would have been received in respect of such payments on any such Note or Notes Guarantee in the absence of such withholding or deduction; *provided*, *however*, that no such Additional Amounts will be payable for or on account of:

(1) any Taxes that would not have been so imposed but for the existence of any present or former connection between the relevant Holder or the beneficial owner of a Note (or between a fiduciary, settlor, beneficiary, member, partner or shareholder of, or possessor of power over the relevant Holder or the beneficial owner, if the relevant Holder or the beneficial owner is an estate, nominee, trust, partnership, limited liability company or corporation) and the Relevant Taxing Jurisdiction (including, without limitation, being resident for tax purposes, or being a citizen or resident or national of, or carrying on a business or maintaining a permanent establishment in the Relevant Taxing Jurisdiction) but excluding, in each case, any connection arising solely from the acquisition, ownership or holding of such Note or Notes Guarantee or the receipt of any payment or the exercise or enforcement of rights under such Note, the Indenture or a Notes Guarantee; or

(2) any Tax that is imposed or withheld by reason of the failure by the Holder or the beneficial owner of the Note, as applicable, to comply with a reasonable written request of the Payor or applicable withholding agent addressed to such Holder, after reasonable notice (at least 30 days before any such withholding or deduction is payable), to provide certification, information, documents or other evidence concerning the

nationality, residence or identity of the Holder or such beneficial owner or to make any declaration or similar claim or satisfy any other reporting requirement relating to such matters, which is required by a statute, treaty, regulation or administrative practice of the Relevant Taxing Jurisdiction as a precondition to exemption from, or reduction in the rate of withholding or deduction of, all or part of such Tax but only to the extent the Holder or beneficial owner is legally entitled to provide such certification or documentation; or

(3) any Taxes, to the extent that such Taxes are imposed as a result of the presentation of the Note for payment (where Notes are in the form of Definitive Registered Notes and presentation is required) more than 30 days after the relevant payment is first made available for payment to the Holder (except to the extent that the Holder would have been entitled to Additional Amounts had the Note been presented on the last day of such 30-day period); or

(4) any Taxes that are payable otherwise than by deduction or withholding from a payment made under or with respect to the Notes or any Notes Guarantee; or

(5) any estate, inheritance, gift, sales, transfer, personal property or similar tax, assessment or other governmental charge; or

(6) any Taxes to the extent such Taxes are for or on account of *imposta sostitutiva* pursuant to Italian Legislative Decree No. 239 of April 1, 1996, as amended or supplemented from time to time ("**Legislative Decree No. 239**") and any related implementing regulations or pursuant to Italian Legislative Decree No. 461 of November 21, 1997, as amended and supplemented from time to time, and any related implementing regulations unless the procedure required under Legislative Decree No. 239 in order to benefit from an exemption from *imposta sostitutiva* have not been complied with due solely to the actions or omissions of the Issuer or its agents; *provided* that, for the avoidance of doubt, (A) no Additional Amounts shall be payable with respect to any Taxes to the extent such Taxes result from payment to a non-Italian resident legal entity or a non-Italian resident individual which are subject to *imposta sostitutiva* by reason of not being resident in a country which allows for a satisfactory exchange of information with Italy (commonly referred to as the "white list") and (B) no Additional Amounts shall be payable with respect to Taxes to the extent such Taxes are for or on account of *imposta sostitutiva* if the Holder becomes subject to *imposta sostitutiva* after the Issue Date by reason of any amendment to white list, currently provided by the Ministerial Decree dated September 4, 1996, as amended from time to time, whereby such Holder's country of residence does not appear on the new list; or

(7) any Taxes required to be deducted or withheld pursuant to section 1471(b) of the U.S. Internal Revenue Code of 1986, as amended (the "**Code**"), or otherwise imposed pursuant to sections 1471 through 1474 of the Code, in each case, as of the Issue Date (or, in each case, any amended or successor version that is substantively comparable), any current or future regulations, rules or agreements thereunder, or any successor or similar provisions and any agreements entered into pursuant to Section 1471(b) of the Code, official interpretations thereof, or any treaty, law, regulation or other rules enacted in any other jurisdiction relating to any intergovernmental agreement (and related legislation or related rules) between the United States and any other jurisdiction, which (in any such case) facilitates the implementation of the provisions of Section 1471 through 1474 of the Code; or

(8) any combination of the items (1) through (7) above.

In addition, no Additional Amounts shall be paid with respect to a Holder who is a fiduciary or a partnership or any person other than the beneficial owner of the Notes, to the extent that the beneficiary or settler with respect to such fiduciary, the member of such partnership or the beneficial owner would not have been entitled to Additional Amounts had such beneficiary, settler, member or beneficial owner held such Notes directly.

The Payor will (i) make any required withholding or deduction and (ii) remit the full amount deducted or withheld to the Relevant Taxing Jurisdiction in accordance with applicable law. The Payor will use reasonable efforts to obtain and provide certified copies of tax receipts evidencing the payment of any Taxes so deducted or withheld from each Relevant Taxing Jurisdiction imposing such Taxes, or if such tax receipts are not available, certified copies of other reasonable evidence of such payments as soon as reasonably practicable to the Trustee and the Paying Agent. Such copies shall be made available to the Holders upon reasonable request, and will be made available at the offices of the Paying Agent.

If any Payor is obligated to pay Additional Amounts under or with respect to any payment made on any Note or any Notes Guarantee, at least 30 days prior to the date of such payment, the Payor will deliver to the Trustee and the Paying Agent an Officer's Certificate stating the fact that Additional Amounts will be payable and the amount estimated to be so payable and such other information necessary to enable the Paying Agent to pay Additional Amounts to Holders on the relevant payment date (unless such obligation to pay Additional Amounts arises less than 45 days prior to the relevant payment date, in which case the Payor may deliver such Officer's Certificate as promptly as practicable thereafter). The Trustee and the Paying Agent shall be entitled to rely solely on such Officer's Certificate as conclusive proof that such payments are necessary.

Wherever in the Indenture, any Notes Guarantee, the Notes or this "*Description of the Notes*" there is mentioned, in any context:

(i) the payment of principal;

(ii) redemption prices or purchase prices in connection with a redemption or a purchase of Notes;

(iii) interest; or

(iv) any other amount payable on or with respect to any of the Notes or any Notes Guarantee,

such reference shall be deemed to include payment of Additional Amounts to the extent that, in such context, Additional Amounts are, were or would be payable in respect thereof.

The Payor will pay and reimburse the Holders for any present or future stamp, issue, registration, court or documentary taxes, or similar charges or levies (including any related interest or penalties with respect thereto) or any other excise, property or similar taxes or similar charges or levies (including any related interest or penalties with respect thereto) that arise in a Relevant Taxing Jurisdiction from the execution, issuance, delivery, registration, enforcement of, or receipt of payments with respect to any Notes, any Notes Guarantee, the Indenture, the Security Documents or any other document or instrument in relation thereto (other than in each case, in connection with a transfer of the Notes after this offering and limited solely in the case of such taxes or similar charges or levies that arise from the receipt of any payments on the Notes or the Notes Guarantees, to any such taxes or similar charges or levies that are not excluded under clauses (1) through (3) and (5) through (7)) or any combination thereof.

The foregoing obligations will survive any termination, defeasance or discharge of the Indenture and any transfer by a Holder or beneficial owner, and will apply *mutatis mutandis* to any jurisdiction in which any successor to a Payor is incorporated or organized, engaged in business for tax purposes or otherwise resident for tax purposes, or any jurisdiction from or through which any payment under, or with respect to the Notes (or any Notes Guarantee) is made by or on behalf of such Payor, or any political subdivision or taxing authority or agency thereof or therein having the power to tax.

Change of Control

If a Change of Control occurs, subject to the terms of the covenant described under this heading "*Change of Control*," each Holder will have the right to require the Issuer to repurchase all or any part (equal to €100,000 or integral multiples of €1,000 in excess thereof; *provided* that Notes of €100,000 or less may only be redeemed in whole and not in part) of such Holder's Notes at a purchase price in cash equal to 101% of the principal amount of the Notes repurchased, plus accrued and unpaid interest and Additional Amounts, if any, to, but excluding, the date of purchase; *provided, however,* that the Issuer shall not be obligated to repurchase Notes as described under this heading "*Change of Control*," in the event and to the extent that a notice of redemption of all outstanding Notes has been given pursuant to the Indenture as described under "*—Optional Redemption,*" unless and until there is a default in the payment of the redemption price on the applicable redemption date or the redemption of all outstanding Notes is not consummated due to the failure of a condition precedent contained in the applicable redemption notice to be satisfied or waived.

Except as provided in the preceding paragraph, no later than the date that is 60 days after any Change of Control, the Issuer will mail a notice (the "**Change of Control Offer**") to each Holder of any such Notes, with a copy to the Trustee:

(1) stating that a Change of Control has occurred or may occur and that such Holder has the right to require the Issuer to purchase all or any part of such Holder's Notes at a purchase price in cash equal to 101% of

the principal amount of such Notes plus accrued and unpaid interest and Additional Amounts, if any, to, but not including, the date of purchase (the "**Change of Control Payment**");

(2) stating the repurchase date (which shall be no earlier than 10 days nor later than 60 days from the date such notice is mailed) (the "**Change of Control Payment Date**");

(3) stating that any Note accepted for payment pursuant to the Change of Control Offer will cease to accrue interest on the Change of Control Payment Date unless the Change of Control Payment is not paid, and that any Notes or any part thereof not tendered will continue to accrue interest;

(4) describing the circumstances and relevant facts regarding the transaction or transactions that constitute the Change of Control;

(5) describing the procedures determined by the Issuer, consistent with the Indenture, that a Holder must follow in order to have its Notes repurchased; and

(6) if such notice is mailed prior to the occurrence of a Change of Control stating that the Change of Control Offer is conditional on the occurrence of such Change of Control.

On the Change of Control Payment Date, if the Change of Control shall have occurred, the Issuer will, to the extent lawful:

(1) accept for payment all Notes or portion thereof properly tendered pursuant to the Change of Control Offer;

(2) deposit with the Paying Agent an amount equal to the Change of Control Payment in respect of all Notes so tendered;

(3) deliver or cause to be delivered to the Trustee and the Paying Agent an Officer's Certificate stating the aggregate principal amount of Notes or portions of the Notes being purchased by the Issuer in the Change of Control Offer;

(4) in the case of Global Notes, deliver, or cause to be delivered, in accordance with the applicable procedures of the relevant clearing systems, to the Trustee (or an authenticating agent) the Global Notes in order to reflect thereon the portion of such Notes or portions thereof that have been tendered to and purchased by the Issuer; and

(5) in the case of Definitive Registered Notes, deliver, or cause to be delivered, to the relevant Registrar for cancellation all Definitive Registered Notes accepted for purchase by the Issuer.

If any Definitive Registered Notes have been issued, the Paying Agent will promptly, at the cost of the Issuer, mail to each Holder of Definitive Registered Notes so tendered the Change of Control Payment for such Notes, and the Trustee (or an authenticating agent) will, at the cost of the Issuer, promptly authenticate and mail (or cause to be transferred by book-entry) to each Holder of Definitive Registered Notes a new Definitive Registered Note equal in principal amount to the unpurchased portion of the Notes surrendered, if any; *provided* that each such new Note will be in a principal amount that is at least €100,000 and integral multiples of €1,000 in excess thereof.

For so long as the Notes are listed on the Luxembourg Stock Exchange and the rules of the Luxembourg Stock Exchange so require, the Issuer shall publish notices relating to the Change of Control Offer in a leading newspaper of general circulation in Luxembourg (which is expected to be the Luxemburger Wort) or to the extent and in the manner permitted by such rules, post such notices on the official website of the Luxembourg Stock Exchange (*www.bourse.lu*).

Except as described above with respect to a Change of Control, the Indenture will not contain provisions that permit the Holders to require that the Issuer repurchase or redeem the Notes in the event of a takeover, recapitalization or similar transaction. The Holders' right to require the Issuer to repurchase Notes upon the occurrence of a Change of Control may deter a third party from seeking to acquire the Issuer or its Subsidiaries in a transaction that would constitute a Change of Control.

The Issuer will not be required to make a Change of Control Offer upon a Change of Control if a third party makes the Change of Control Offer in the manner, at the times and otherwise in compliance with the requirements set forth in the Indenture applicable to a Change of Control Offer made by the Issuer and purchases all Notes validly

tendered and not withdrawn under such Change of Control Offer. Notwithstanding anything to the contrary contained herein, a Change of Control Offer may be made in advance of a Change of Control, conditioned upon the consummation of such Change of Control, if a definitive agreement is in place providing for the Change of Control at the time the Change of Control Offer is made.

The Issuer will comply, to the extent applicable, with the requirements of Rule 14(e) of the Exchange Act and any other securities laws or regulations in connection with the repurchase of Notes pursuant to this covenant. To the extent that the provisions of any securities laws or regulations conflict with provisions of the Indenture, the Issuer will comply with the applicable securities laws and regulations and will not be deemed to have breached its obligations under the Change of Control provisions of the Indenture by virtue of such compliance.

The Issuer's ability to repurchase Notes issued by it pursuant to a Change of Control Offer may be limited by a number of factors. The occurrence of certain of the events that constitute a Change of Control would require the Issuer to make a mandatory prepayment of Indebtedness under the Revolving Credit Facility Agreement. In addition, certain events that may constitute a change of control under the Revolving Credit Facility and require a mandatory prepayment of Indebtedness under such agreement may not constitute a Change of Control under the Indenture. Future Indebtedness of the Issuer or the Restricted Subsidiaries may also contain prohibitions of certain events that would constitute a change of control or require such Indebtedness to be repurchased upon a change of control. Moreover, the exercise by the Holders of their right to require the Issuer to repurchase the Notes could cause a default under, or require a repurchase of, such Indebtedness, even if the Change of Control itself does not, due to the financial effect of such repurchase on the Issuer. Finally, the Issuer's ability to pay cash to the Holders upon a repurchase may be limited by the Issuer's then existing financial resources and whether the Restricted Subsidiaries are permitted to distribute funds to the Issuer. There can be no assurance that sufficient funds will be available when necessary to make any required repurchases. See "*Risk Factors—Risks Related to the Notes, the Guarantees and the Collateral—The Issuer may not be able to repurchase the Notes upon a change of control. In addition, under certain circumstances, the Issuer may have the right to purchase all outstanding Notes in connection with a tender offer, even if certain holders do not consent to the tender*."

The definition of "Change of Control" includes a disposition, in one or a series of related transactions, of all or substantially all of the property and assets of the Issuer and its Restricted Subsidiaries taken as a whole to specified other Persons. Although there is a limited body of case law interpreting the phrase "substantially all," there is no precise established definition of the phrase "substantially all" under applicable law. Accordingly, in certain circumstances there may be a degree of uncertainty as to whether a particular transaction would involve a disposition of "all or substantially all" of the property and assets of the Issuer and its Restricted Subsidiaries. As a result, it may be unclear as to whether a Change of Control has occurred and whether a Holder may require the Issuer to make an offer to repurchase the Notes as described above.

The provisions of the Indenture relating to the Issuer's obligation to make an offer to repurchase the Notes as a result of a Change of Control may be waived or modified with the consent of Holders of a majority in outstanding principal amount of the Notes.

Certain Covenants

Limitation on Indebtedness

The Issuer will not, and will not permit any Restricted Subsidiary to, Incur any Indebtedness (including Acquired Indebtedness); *provided*, *however*, that the Issuer and any Restricted Subsidiary may Incur Indebtedness (including Acquired Indebtedness), if on the date of such Incurrence, after giving *pro forma* effect to the Incurrence of such Indebtedness (including *pro forma* application of the proceeds thereof), (1) the Fixed Charge Coverage Ratio for the Issuer would have been at least 2.0 to 1.0; and (2) to the extent that the Indebtedness is Senior Secured Indebtedness, the Consolidated Senior Secured Net Leverage Ratio for the Issuer would have been no greater than 2.8 to 1.0.

The first paragraph of this covenant will not prohibit the Incurrence of the following Indebtedness:

(1) Indebtedness Incurred by the Issuer or any Restricted Subsidiary pursuant to any Credit Facility (including in respect of letters of credit or bankers' acceptances issued or created thereunder), and any refinancing Indebtedness in respect thereof and Guarantees in respect of such Indebtedness in a maximum aggregate principal amount at any time outstanding not exceeding (i) the greater of €75.0 million and 62% of Consolidated EBITDA, plus (ii) in the case of any refinancing of any Indebtedness permitted under this clause (1) or any portion thereof, the aggregate amount of fees,

underwriting discounts, premiums and other costs and expenses Incurred in connection with such refinancing;

(2) (a) Guarantees by the Issuer or any Restricted Subsidiary of Indebtedness of the Issuer or any Restricted Subsidiary, so long as the Incurrence of such Indebtedness is permitted to be Incurred by another provision of this covenant; *provided* that if the Indebtedness being guaranteed is subordinated or *pari passu* with a Notes Guarantee, then the Guarantee of such Indebtedness shall be subordinated or *pari passu* to the same extent as the Indebtedness being guaranteed; or

(b) without limiting the covenant described under "*—Limitation on Liens*," Indebtedness arising by reason of any Lien granted by or applicable to such Person securing Indebtedness of the Issuer or any Restricted Subsidiary so long as the Incurrence of such Indebtedness is permitted under the terms of the Indenture;

(3) Indebtedness of the Issuer owing to and held by any Restricted Subsidiary or Indebtedness of a Restricted Subsidiary owing to and held by the Issuer or any Restricted Subsidiary; *provided*, *however*, that:

(a) if the Issuer or a Guarantor is the obligor on any such Indebtedness and the obligee is not the Issuer or a Guarantor, such Indebtedness is unsecured and, only to the extent legally permitted (the Issuer or the relevant Restricted Subsidiaries having completed all procedures required in the reasonable judgment of directors or officers of the obligee or obligor to protect such Persons from any penalty or civil or criminal liability in connection with the subordination of such Indebtedness), it is expressly subordinated to the prior payment in full in cash of all obligations with respect to the applicable Notes Guarantee pursuant to the Intercreditor Agreement or any Additional Intercreditor Agreement; and

(b) any subsequent issuance or transfer of Capital Stock or any other event which results in any such Indebtedness being beneficially held by a Person other than the Issuer or a Restricted Subsidiary and any sale or other transfer of any such Indebtedness to a Person other than the Issuer or a Restricted Subsidiary shall be deemed, in each case, to constitute an Incurrence of such Indebtedness not permitted by this clause (3) by the Issuer or such Restricted Subsidiary, as the case may be;

(4) (a) Indebtedness represented by the Notes (other than any Additional Notes), any Notes Guarantees and any "*parallel debt*" obligations related to the Notes and any Notes Guarantees under the Intercreditor Agreement or any Additional Intercreditor Agreement, as well as "*parallel debt*" obligations related to any other Indebtedness permitted to be Incurred pursuant to this Indenture;

(b) any Indebtedness (other than Indebtedness Incurred under the Revolving Credit Facility Agreement and Indebtedness described in clause (4)(a) of this paragraph) of the Issuer and its Restricted Subsidiaries outstanding on the Issue Date after giving *pro forma* effect to the Offering and the use of proceeds therefrom;

(c) Refinancing Indebtedness Incurred in respect of any Indebtedness described in clauses 4(a), 4(b), this clause 4(c) and clauses (5)(II) and (13) of this paragraph or Incurred pursuant to the first paragraph of this covenant; and

(d) Indebtedness Incurred in respect of Management Advances;

(5) Indebtedness of any Person (a) outstanding on the date on which such Person becomes a Restricted Subsidiary or is merged, consolidated, amalgamated or otherwise combined with (including pursuant to any acquisition of assets and assumption of related liabilities) the Issuer or any Restricted Subsidiary or (b) Incurred to provide all or a portion of the funds utilized to consummate a transaction or series of related transactions pursuant to which (i) any Person became a Restricted Subsidiary or is otherwise acquired by the Issuer or a Restricted Subsidiary or (ii) any assets are acquired and related liabilities are assumed by the Issuer or any Restricted Subsidiary; *provided* that Indebtedness Incurred pursuant to this clause (5) is in an aggregate amount then outstanding not to exceed (I) €10.0 million, plus (II) unlimited additional Indebtedness to the extent that after giving *pro forma* effect to such acquisition or other transaction and to the related Incurrence of Indebtedness, (x) either (A) the Issuer would have been able to Incur €1.00 of additional Indebtedness pursuant to the first paragraph of this covenant or (B) the Fixed Charge Coverage Ratio for the Issuer would not be less than it was immediately prior to giving effect to

such acquisition or other transaction and to the related Incurrence of Indebtedness and (y) to the extent that the Indebtedness Incurred under sub-clause (ii) of this clause (5) constitutes Senior Secured Indebtedness, either (A) the Issuer would have been able to Incur €1.00 of additional Senior Secured Indebtedness pursuant to the first paragraph of this covenant or (B) the Consolidated Senior Secured Net Leverage Ratio for the Issuer would not be greater than it was immediately prior to giving effect to such acquisition or other transaction and to the related Incurrence of Indebtedness;

(6) Indebtedness in respect of Hedging Obligations not for speculative purposes (as determined in good faith by the Board of Directors or a member of senior management of the Issuer or any Parent);

(7) Indebtedness consisting of (a) Lease Obligations, mortgage financings, Purchase Money Obligations or other financings, Incurred for the purpose of financing all or any part of the purchase price or cost of construction or improvement of property, plant or equipment used or useful in a Similar Business or (b) Indebtedness otherwise Incurred to finance the purchase, lease, rental or cost of design, construction, installation or improvement of property (real or personal) or equipment that is used or useful in a Similar Business, whether through the direct purchase of assets or the Capital Stock of any Person owning such assets, and any Indebtedness which refinances, replaces or refunds such Indebtedness or reimburses amounts used for such purposes, in an aggregate outstanding principal amount which, when taken together with the principal amount of all other Indebtedness Incurred pursuant to this clause (7) and then outstanding, will not exceed at any time outstanding the greater of €11.0 million and 9% of Consolidated EBITDA; *provided* that such Indebtedness exists on the date of such purchase, lease, rental or improvement or is created within 365 days thereafter;

(8) Indebtedness in respect of (a) workers' compensation claims, self-insurance obligations, unemployment insurance (including premiums related thereto), other types of social security, pension obligations, vacation pay, health, disability or other employee benefits, performance bond, bid bond, indemnity, surety, judgment, appeal, advance payment, customs, VAT, Taxes, Tax Sharing Agreements or other tax (including interest and penalties with respect thereto) or other guarantees, warehouse receipts, letters of credit or other similar bonds, instruments or obligations and completion guarantees and warranties provided by the Issuer or a Restricted Subsidiary or relating to liabilities, obligations or guarantees Incurred in the ordinary course of business or consistent with past practice or in respect of any governmental requirement; (b) letters of credit, bankers' acceptances, guarantees or other similar instruments or obligations issued or relating to liabilities or obligations Incurred in the ordinary course of business or consistent with past practice or in respect of any governmental requirement, *provided*, *however*, that upon the drawing of such letters of credit or other similar instruments, the obligations are reimbursed within 30 days following such drawing; (c) the financing of insurance premiums in the ordinary course of business or consistent with past practice; (d) Cash Management Services and any customary cash management, cash pooling or netting or setting off arrangements, including customary credit card facilities, in the ordinary course of business or consistent with past practice; (e) Indebtedness representing (i) deferred compensation to current or former directors, officers, employees, members of management, managers and consultants of any Parent, the Issuer or any of its Subsidiaries in the ordinary course of business or consistent with past practice or (ii) deferred compensation or other similar arrangements in connection with the Transactions or any other Investment or acquisition permitted hereby; and (f) any lease, concession or license of property (or guarantee thereof) which would be considered an operating lease under IAS 17 (Leases);

(9) Indebtedness arising from agreements providing for customary guarantees, indemnification, obligations in respect of earn-outs or other adjustments of purchase price or, in each case, similar obligations, in each case, Incurred or assumed in connection with the acquisition or disposition of any business or assets or Person or any Capital Stock of a Subsidiary (other than Guarantees of Indebtedness Incurred by any Person acquiring or disposing of such business or assets or such Subsidiary for the purpose of financing such acquisition or disposition); *provided* that the maximum liability of the Issuer and the Restricted Subsidiaries in respect of all such Indebtedness shall at no time exceed the gross proceeds, including the fair market value of non-cash proceeds (measured at the time received and without giving effect to any subsequent changes in value), actually received by the Issuer and the Restricted Subsidiaries in connection with such disposition;

(10) (a) Indebtedness arising from the honoring by a bank or other financial institution of a check, draft or similar instrument drawn against insufficient funds in the ordinary course of business; *provided*, *however*, that such Indebtedness is extinguished within 30 Business Days of Incurrence;

(b) (i) customer deposits and advance payments received for good faith commercial reasons from customers for goods or services purchased and (ii) Indebtedness consisting of obligations owing under any customer or supplier incentive, supply, license, take-or-pay or similar agreements entered into for good faith commercial reasons;

(c) Indebtedness owed on a short-term basis of no longer than 30 days to banks and other financial institutions Incurred in the ordinary course of business of the Issuer and the Restricted Subsidiaries with such banks or financial institutions that arises in connection with ordinary banking arrangements to manage cash balances of the Issuer and the Restricted Subsidiaries;

(d) Indebtedness Incurred by the Issuer or a Restricted Subsidiary in connection with bankers' acceptances, discounted bills of exchange or similar instruments supporting trade payables or the discounting or factoring of receivables for credit management of bad debt purposes, in each case Incurred or undertaken in the ordinary course of business; and

(e) Indebtedness represented by guarantees of pension fund obligations of the Issuer or any Restricted Subsidiary required by law or regulation;

(11) Indebtedness in an aggregate outstanding principal amount which, when taken together with any Refinancing Indebtedness in respect thereof and the principal amount of all other Indebtedness Incurred pursuant to this clause (11) and then outstanding, will not exceed the greater of €42.0 million and 35% of Consolidated EBITDA;

(12) Indebtedness Incurred by the Issuer or any Restricted Subsidiary under (a) Qualified Receivables Financings, (b) Reverse Factoring or (c) factoring financings, securitizations, asset-backed loans and financings (howsoever described or structured), Receivables Financings or similar arrangements, in each case under this clause (12)(c), that are either: (x) not recourse to the Issuer or any Restricted Subsidiary other than pursuant to Standard Securitization Undertakings, or (y) not exceeding the greater of €16.0 million and 13% of Consolidated EBITDA at any time outstanding;

(13) Indebtedness of the Issuer and any Restricted Subsidiary in an aggregate outstanding principal amount which, when taken together with any refinancing Indebtedness in respect thereof and the principal amount of all other Indebtedness Incurred pursuant to this clause (13) and then outstanding, will not exceed 100% of the Net Cash Proceeds received by the Issuer from the issuance or sale (other than to a Restricted Subsidiary) of its Subordinated Shareholder Funding or Capital Stock (other than Disqualified Stock or Designated Preference Shares or through an Excluded Contribution or Parent Debt Contribution) or otherwise contributed to the equity (other than through the issuance of Disqualified Stock or Designated Preference Shares or through an Excluded Contribution or Parent Debt Contribution) of the Issuer, in each case, subsequent to the Issue Date; *provided*, *however*, that (i) any such Net Cash Proceeds that are so received or contributed shall be excluded for purposes of making Restricted Payments under the second paragraph and clauses (1), (6) and (14) of the third paragraph of the covenant described below under "*—Limitation on Restricted Payments*" to the extent the Issuer or any Restricted Subsidiary Incurs Indebtedness in reliance thereon and (ii) any Net Cash Proceeds that are so received or contributed shall be excluded for purposes of Incurring Indebtedness pursuant to this clause (13) to the extent the Issuer or any Restricted Subsidiary makes a Restricted Payment under the second paragraph and clauses (1), (6), and (14) of the third paragraph of the covenant described under "*—Limitation on Restricted Payments*" in reliance thereon; and

(14) the Incurrence by the Issuer or any Restricted Subsidiary of Indebtedness consisting of local lines of credit or working capital facilities not exceeding in the aggregate the greater of €11.0 million and 9.0% of Consolidated EBITDA at any time outstanding.

Notwithstanding the foregoing, the aggregate principal amount of outstanding Indebtedness (excluding any interest paid in kind) Incurred by Restricted Subsidiaries that are not Guarantors pursuant to the first paragraph of this covenant and clause (11) of the second paragraph of this covenant and, without double counting, all Refinancing Indebtedness in respect thereof Incurred by Restricted Subsidiaries that are not Guarantors shall not exceed the greater of €24.0 million and 20% of Consolidated EBITDA at the time of the Incurrence of any such Indebtedness; *provided* that Refinancing Indebtedness Incurred in respect of such Indebtedness originally permitted by this paragraph shall always be permitted under the Indenture. For purposes of determining compliance with, and the outstanding principal amount of any particular Indebtedness Incurred pursuant to and in compliance with, this covenant:

(1) in the event that Indebtedness meets the criteria of more than one of the types of Indebtedness described in the first and second paragraphs of this covenant, the Issuer, in its sole discretion, will classify, and may from time to time reclassify, such item of Indebtedness and only be required to include the amount and type of such Indebtedness in one (or more, if applicable) of the clauses of the first or second paragraph of this covenant; *provided* that any Indebtedness Incurred pursuant to clauses (7), (11), (12)(b) and (14) of the second paragraph of this covenant shall cease to be deemed Incurred or outstanding pursuant to such clauses (7), (11), (12)(b) and (14), as applicable, but shall be deemed Incurred and outstanding pursuant to the first paragraph of this covenant from and after the first date on which the Issuer or its Restricted Subsidiaries, as the case may be, could have Incurred such Indebtedness thereunder (to the extent the Issuer or its Restricted Subsidiaries are able to Incur any Liens related to such Indebtedness as Permitted Liens, Permitted Receivables Liens or Permitted Collateral Liens after such reclassification);

(2) (a) all Indebtedness Incurred under clause (1) of the second paragraph of this covenant that is secured by a Lien on the Collateral that is entitled under the terms of the Intercreditor Agreement or any Additional Intercreditor Agreement to receive the proceeds from enforcement of the Collateral in priority to the Notes may not be reclassified and (b) all Indebtedness outstanding on the Issue Date under the Revolving Credit Facility shall be deemed initially Incurred under clause (1) of the second paragraph of this covenant and not the first paragraph or clause (4)(b) of the second paragraph of this covenant and may not be reclassified;

(3) the amount of Indebtedness that may be Incurred pursuant to any provision of this covenant or secured pursuant to the covenant set forth under "—*Limitation on Liens*" (a) shall be deemed to include all amounts necessary to renew, refund, redeem, refinance, replace, restructure, defease or discharge any such Indebtedness Incurred and/or secured pursuant to such provisions, including after giving effect to additional Indebtedness in an amount equal to the aggregate amount of fees (including original issue discount), accrued but unpaid dividends, *premia* (including tender *premia*) and other costs and expenses Incurred in connection with such renewal, refund, redemption, refinancing, replacement, restructuring, defeasance or discharge; and (b) in any case where such amounts are or may be based on Consolidated EBITDA (or any ratio of which Consolidated EBITDA is a component), shall not be deemed to be exceeded, with respect to such Incurrence or grant of Lien, due solely to the result of fluctuations in the amount of Consolidated EBITDA (and, for the avoidance of doubt, such Indebtedness and such Lien will be permitted to be refinanced or replaced notwithstanding that, after giving effect to such refinancing or replacement, such excess will continue);

(4) Guarantees of, or obligations in respect of letters of credit, bankers' acceptances or other similar instruments relating to, or Liens securing, Indebtedness that is otherwise included in the determination of a particular amount of Indebtedness shall not be included;

(5) if obligations in respect of letters of credit, bankers' acceptances or other similar instruments are Incurred pursuant to any Credit Facility and are being treated as Incurred pursuant to the first or second paragraph of this covenant and the letters of credit, bankers' acceptances or other similar instruments relate to other Indebtedness, then such other Indebtedness shall not be included;

(6) the principal amount of any Disqualified Stock of the Issuer or a Restricted Subsidiary, or Preferred Stock of a Restricted Subsidiary, will be equal to the greater of the maximum mandatory redemption or repurchase price (not including, in either case, any redemption or repurchase premium) or the liquidation preference thereof;

(7) Indebtedness permitted by this covenant need not be permitted solely by reference to one provision permitting such Indebtedness but may be permitted in part by one such provision and in part by one or more other provisions of this covenant permitting such Indebtedness;

(8) the amount of Indebtedness issued at a price that is less than the principal amount thereof will be equal to the amount of the liability in respect thereof determined on the basis of IFRS;

(9) accrual of interest, accrual of dividends, the accretion of accreted value, the accretion or amortization of original issue discount, the payment of interest in the form of additional Indebtedness (including interest paid in kind), the payment of dividends in the form of additional shares of Preferred Stock or Disqualified Stock or the reclassification of commitments or obligations not treated as Indebtedness due to a change in IFRS will not be deemed to be an Incurrence of Indebtedness for purposes of this covenant, nor to be

the Incurrence of a Lien under the covenant set forth in "—*Limitation on Liens*"; *provided* that the Lien securing such originally Incurred Preferred Stock or Indebtedness was Incurred in accordance with the Indenture. The amount of any Indebtedness outstanding as of any date shall be (a) the accreted value thereof in the case of any Indebtedness issued with original issue discount and (b) the principal amount, or liquidation preference thereof, in the case of any other Indebtedness; and

(10) in the event that the Issuer or a Restricted Subsidiary enters into or increases commitments under a revolving credit facility, enters into any commitment to Incur or issue Indebtedness or commits to Incur any Lien pursuant to clause (30) of the definition of "Permitted Liens", any Permitted Receivables Liens or any Permitted Collateral Lien, the Incurrence or issuance thereof for all purposes under the Indenture, including, without limitation, for purposes of calculating the Fixed Charge Coverage Ratio, the Consolidated Net Leverage Ratio or the Consolidated Senior Secured Net Leverage Ratio, as applicable, or use of clauses (1) through (14) of the preceding paragraph (if any) for borrowings and re-borrowings thereunder (and including issuance and creation of letters of credit and bankers' acceptances thereunder) will, at the Issuer's option, either (a) be determined on the date of such revolving credit facility or such entry into or increase in commitments (assuming that the full amount thereof has been borrowed as of such date) or other Indebtedness, Disqualified Stock or Preferred Stock, and, if such Fixed Charge Coverage Ratio, the Consolidated Net Leverage Ratio or the Consolidated Senior Secured Net Leverage Ratio, as applicable, test or other provision of the Indenture is satisfied with respect thereto at such time, any borrowing or re-borrowing thereunder (and the issuance and creation of letters of credit and bankers' acceptances thereunder) will be permitted under this covenant and under the covenant described under "—*Limitation on Liens*" irrespective of the Fixed Charge Coverage Ratio, Consolidated Net Leverage Ratio, Consolidated Senior Secured Net Leverage Ratio, as applicable, or other provision of the Indenture at the time of any borrowing or re-borrowing (or issuance or creation of letters of credit or bankers' acceptances thereunder) (the committed amount permitted to be borrowed or reborrowed (and the issuance and creation of letters of credit and bankers' acceptances) on a date pursuant to the operation of this clause (a) shall be the "**Reserved Indebtedness Amount**" as of such date for purposes of the Fixed Charge Coverage Ratio, Consolidated Net Leverage Ratio, Consolidated Senior Secured Net Leverage Ratio, as applicable, or other provision of the Indenture, and, to the extent the usage of clauses (1) through (14) of the preceding paragraph (if any), shall be deemed to be Incurred and outstanding under such clauses) or (b) be determined on the date such amount is borrowed pursuant to any such facility or increased commitment, and in each case, the Issuer may revoke such determination at any time and from time to time.

If at any time an Unrestricted Subsidiary becomes a Restricted Subsidiary, any Indebtedness of such Subsidiary shall be deemed to be Incurred by such Restricted Subsidiary as of such date (and, if such Indebtedness is not permitted to be Incurred as of such date under the covenant described under "—*Limitation on Indebtedness*," the Issuer shall be in Default of this covenant).

For purposes of determining compliance with any euro-denominated restriction on the Incurrence of Indebtedness, the euro equivalent of the principal amount of Indebtedness denominated in another currency shall be calculated based on the relevant currency exchange rate in effect on the date such Indebtedness was Incurred, in the case of term Indebtedness, or first committed or first Incurred (whichever yields the lower euro equivalent), in the case of Indebtedness Incurred under a revolving credit facility; *provided* that (a) if such Indebtedness is Incurred to refinance other Indebtedness denominated in a currency other than euro, and such refinancing would cause the applicable euro-denominated restriction to be exceeded if calculated at the relevant currency exchange rate in effect on the date of such refinancing, such euro-denominated restriction shall be deemed not to have been exceeded so long as the principal amount of such refinancing Indebtedness does not exceed the amount set forth in clause (2) of the definition of "Refinancing Indebtedness"; (b) the euro equivalent of the principal amount of any such Indebtedness outstanding on the Issue Date in respect of the Issuer shall be calculated based on the relevant currency exchange rate in effect on the Issue Date; and (c) if any such Indebtedness that is denominated in a different currency is subject to a Currency Agreement (with respect to the euro) covering principal amounts payable on such Indebtedness, the amount of such Indebtedness expressed in euro will be adjusted to take into account the effect of such agreement.

Notwithstanding any other provision of this covenant, the maximum amount of Indebtedness that the Issuer or a Restricted Subsidiary may Incur pursuant to this covenant shall not be deemed to be exceeded solely as a result of fluctuations in the exchange rate of currencies. The principal amount of any Indebtedness Incurred to refinance other Indebtedness, if Incurred in a different currency from the Indebtedness being refinanced, shall be calculated based on the currency exchange rate applicable to the currencies in which such refinancing Indebtedness is denominated that is in effect on the date of such refinancing.

Limitation on Restricted Payments

The Issuer will not, and will not permit any Restricted Subsidiary, directly or indirectly, to:

(1) declare or pay any dividend or make any other payment or distribution on or in respect of the Issuer's or any Restricted Subsidiary's Capital Stock (including any payment in connection with any merger or consolidation involving the Issuer or any Restricted Subsidiary) except:

(a) dividends or distributions payable in Capital Stock of the Issuer (other than Disqualified Stock) or in Subordinated Shareholder Funding;

(b) dividends or distributions payable to the Issuer or a Restricted Subsidiary (and, in the case of any such Restricted Subsidiary making such dividend or distribution, to holders of its Capital Stock other than the Issuer or another Restricted Subsidiary on no more than a *pro rata* basis); or

(c) dividends or distributions payable to any Parent to fund interest payments in respect of Indebtedness of such Parent which is Guaranteed by the Issuer or any Restricted Subsidiary or is otherwise considered Indebtedness of the Issuer or any Restricted Subsidiary; *provided* that (x) any net proceeds from such Indebtedness are contributed to the equity of the Issuer or any Restricted Subsidiary in any form or otherwise received (including by way of Indebtedness) by the Issuer or any Restricted Subsidiary and (y) in the case that any net proceeds described in the preceding sub-clause (x) are contributed to the Issuer or a Restricted Subsidiary in the form of Indebtedness, there shall be no double-counting of interest paid on such Indebtedness and any dividends or distributions payable to the relevant Parent to fund interest payments in respect of Indebtedness of such Parent;

(2) purchase, redeem, retire or otherwise acquire for value any Capital Stock of the Issuer or any direct or indirect Parent of the Issuer held by Persons other than the Issuer or a Restricted Subsidiary (other than in exchange for Capital Stock of the Issuer (other than Disqualified Stock));

(3) make any principal payment on, or purchase, repurchase, redeem, defease or otherwise acquire or retire for value, prior to scheduled maturity, scheduled repayment or scheduled sinking fund payment, any Subordinated Indebtedness (other than (a) any such payment, purchase, repurchase, redemption, defeasance or other acquisition or retirement or in anticipation of satisfying a sinking fund obligation, principal installment or final maturity, in each case, due within one year of the date of payment, purchase, repurchase, redemption, defeasance or other acquisition or retirement and (b) any Indebtedness Incurred pursuant to clause (3) of the second paragraph of the covenant described under "*—Limitation on Indebtedness*");

(4) make any payment (whether of principal, interest or other amounts) on, or purchase, repurchase, redeem, defease or otherwise acquire or retire for value any Subordinated Shareholder Funding (other than any payment of interest thereon in the form of additional Subordinated Shareholder Funding or payments of interest on Subordinated Shareholder Funding resulting from a loan of the net proceeds of Indebtedness contemplated by clause (1)(c) above); or

(5) make any Restricted Investment in any Person (each such dividend, distribution, payment, purchase, redemption, repurchase, defeasance, other acquisition, retirement or Restricted Investment referred to in clauses (1) through (5) is referred to herein as a "**Restricted Payment**").

Notwithstanding the foregoing, the Issuer or any Restricted Subsidiary may make Restricted Payments, if at the time the Issuer or such Restricted Subsidiary makes such Restricted Payment:

(a) no Default or Event of Default shall have occurred and be continuing (or would result immediately thereafter therefrom);

(b) (i) the Issuer would have been permitted to Incur at least an additional €1.00 of Indebtedness pursuant to clause (1) of the first paragraph of the covenant described under "*—Limitation on Indebtedness*" after giving effect, on a *pro forma* basis, to such Restricted Payment and (ii) solely for purposes of any Restricted Payment set forth in sub-clauses (1)(a) and (1)(b) of the preceding paragraph (together, a "**Restricted Dividend**"), so long as, immediately after giving

pro forma effect to the payment of such Restricted Payment, the Consolidated Net Leverage Ratio is no greater than 2.0 to 1.00; and

(c) the aggregate amount of such Restricted Payment and all other Restricted Payments made subsequent to the Issue Date (and not returned or rescinded) (including Permitted Payments (as defined below) permitted below by clauses (5), (10) and (16) of the third paragraph of this covenant, but excluding all other Restricted Payments permitted by the third paragraph of this covenant) would not exceed the sum of (without duplication):

(i) 50% of Consolidated Net Income of the Issuer for the period (treated as one accounting period) from the first day of the fiscal quarter commencing immediately prior to the Issue Date to the end of the most recent fiscal quarter ending prior to the date of such Restricted Payment for which internal consolidated financial statements of the Issuer are available (or, in the case such Consolidated Net Income is a deficit, minus 100% of such deficit);

(ii) 100% of the aggregate Net Cash Proceeds, and the fair market value (as determined in accordance with the fourth paragraph of this covenant) of property or assets or marketable securities, received by the Issuer from the issue or sale of its Capital Stock (other than Disqualified Stock or Designated Preference Shares) or Subordinated Shareholder Funding subsequent to the Issue Date or otherwise contributed to the equity (other than through the issuance of Disqualified Stock or Designated Preference Shares) of the Issuer subsequent to the Issue Date (other than (w) Subordinated Shareholder Funding or Capital Stock in each case sold to a Subsidiary of the Issuer, (x) Net Cash Proceeds or property or assets or marketable securities received from an issuance or sale of such Capital Stock to a Restricted Subsidiary or an employee stock ownership plan or trust established by the Issuer or any Subsidiary of the Issuer for the benefit of its employees to the extent funded by the Issuer or any Restricted Subsidiary, (y) Net Cash Proceeds or property or assets or marketable securities to the extent that any Restricted Payment has been made from such proceeds in reliance on clauses (1) or (6) of the third paragraph of this covenant and (z) Excluded Contributions and Parent Debt Contributions);

(iii) 100% of the aggregate Net Cash Proceeds, and the fair market value (as determined in accordance with the fourth paragraph of this covenant) of property or assets or marketable securities, received by the Issuer or any Restricted Subsidiary from the issuance or sale (other than to the Issuer or a Restricted Subsidiary or an employee stock ownership plan or trust established by the Issuer or any Subsidiary of the Issuer for the benefit of its employees to the extent funded by the Issuer or any Restricted Subsidiary) by the Issuer or any Restricted Subsidiary subsequent to the Issue Date of any Indebtedness that has been converted into or exchanged for Capital Stock of the Issuer (other than Disqualified Stock or Designated Preference Shares) or Subordinated Shareholder Funding (plus the amount of any cash, and the fair market value (as determined in accordance with the fourth paragraph of this covenant) of property or assets or marketable securities received by the Issuer or any Restricted Subsidiary upon such conversion or exchange) but excluding (x) Disqualified Stock or Indebtedness issued or sold to a Subsidiary of the Issuer, (y) Net Cash Proceeds to the extent that any Restricted Payment has been made from such proceeds in reliance on clauses (1) or (6) of the third paragraph of this covenant and (z) Excluded Contributions and Parent Debt Contributions;

(iv) 100% of the aggregate Net Cash Proceeds, and the fair market value (as determined in accordance with the fourth paragraph of this covenant) of property or assets or marketable securities, received by the Issuer or any Restricted Subsidiary (other than, in each case, to the Issuer or a Restricted Subsidiary or an employee stock ownership plan or trust established by the Issuer or any Subsidiary of the Issuer for the benefit of its employees to the extent funded by the Issuer or any Restricted Subsidiary) from the disposition of any Unrestricted Subsidiary or the disposition or repayment of any Investment constituting a Restricted Payment made after the Issue Date;

(v) in the case of the designation of an Unrestricted Subsidiary as a Restricted Subsidiary or all of the assets of such Unrestricted Subsidiary are transferred to the Issuer or a Restricted Subsidiary, or the Unrestricted Subsidiary is merged or consolidated into the Issuer or a Restricted Subsidiary, 100% of such amount received in cash and the fair market value of any property or marketable securities received by the Issuer or any Restricted Subsidiary in respect of such redesignation, merger, consolidation or transfer of assets, excluding the amount of any Investment in such Unrestricted Subsidiary that constituted a Permitted Investment made pursuant to clause (11) of the definition of "*Permitted Investment*";

(vi) 100% of any dividends or distributions received by the Issuer or a Restricted Subsidiary from an Unrestricted Subsidiary, to the extent that such dividend or distribution does not reduce the amount of Investments outstanding under clauses (11) or (17) of the definition of "*Permitted Investment*"; and

(vii) €5.0 million.

The foregoing provisions will not prohibit any of the following (collectively, "**Permitted Payments**"):

(1) any Restricted Payment made by exchange (including any such exchange pursuant to the exercise of a conversion right or privilege in connection with which cash is paid in lieu of the issuance of fractional shares pursuant to clause (11) of this paragraph) for, or out of the proceeds of the substantially concurrent sale (other than to a Subsidiary of the Issuer) of, Capital Stock of the Issuer (other than Disqualified Stock or Designated Preference Shares), Subordinated Shareholder Funding or a substantially concurrent contribution to the equity (other than through the issuance of Disqualified Stock or Designated Preference Shares or through an Excluded Contribution or Parent Debt Contribution) of the Issuer; provided, however, that to the extent so applied, the Net Cash Proceeds, or fair market value (as determined in accordance with the preceding sentence) of property or assets or of marketable securities, from such sale of Capital Stock or Subordinated Shareholder Funding or such contribution will be excluded from clause (c)(ii) of the second paragraph of this covenant;

(2) any purchase, repurchase, redemption, defeasance or other acquisition or retirement of Subordinated Indebtedness made by exchange for, or out of the proceeds of the substantially concurrent sale of, Refinancing Indebtedness permitted to be Incurred pursuant to the covenant described under "—*Limitation on Indebtedness*" above;

(3) any purchase, repurchase, redemption, defeasance or other acquisition or retirement of Disqualified Stock of the Issuer or Preferred Stock of the Issuer or a Restricted Subsidiary made by exchange for or out of the proceeds of the substantially concurrent sale of Disqualified Stock of the Issuer or Preferred Stock of the Issuer or a Restricted Subsidiary, as the case may be, that, in each case, is permitted to be Incurred pursuant to the covenant described under "—*Limitation on Indebtedness*" above;

(4) any purchase, repurchase, redemption, defeasance or other acquisition or retirement of Subordinated Indebtedness:

(a) (i) from Net Available Cash to the extent permitted under "—*Limitation on Sales of Assets and Subsidiary Stock*," but only if the Issuer shall have first complied with the terms described under "—Limitation on Sales of Assets and Subsidiary Stock" and purchased all Notes tendered pursuant to any offer to repurchase all the Notes required thereby, prior to purchasing, repurchasing, redeeming, defeasing or otherwise acquiring or retiring such Subordinated Indebtedness and (ii) at a purchase price not greater than 100.00% of the principal amount of such Subordinated Indebtedness plus accrued and unpaid interest;

(b) following the occurrence of a Change of Control (or other similar event described therein as a "change of control"), but only (i) if the Issuer shall have first complied with the terms described under "—*Change of Control*" and purchased all Notes tendered pursuant to the offer to repurchase all the Notes required thereby, prior to purchasing, repurchasing, redeeming, defeasing or otherwise acquiring or retiring such Subordinated Indebtedness and (ii) at a purchase price not greater than 101.00% of the principal amount of such Subordinated Indebtedness plus accrued and unpaid interest; or

(c) consisting of Acquired Indebtedness (other than Indebtedness Incurred (i) to provide all or any portion of the funds utilized to consummate the transaction or series of related transactions pursuant to which such Person became a Restricted Subsidiary or was otherwise acquired by the Issuer or a Restricted Subsidiary or any assets were acquired and related liabilities assumed by the Issuer or any Restricted Subsidiary or (ii) otherwise in connection with or contemplation of such transaction or series of transactions) at a purchase price not greater than 100.00% of the principal amount of such Subordinated Indebtedness plus accrued and unpaid interest and any premium required by the terms of such Acquired Indebtedness;

(5) any dividends paid within 60 days after the date of declaration if at such date of declaration such dividend would have complied with this covenant;

(6) the purchase, repurchase, redemption, defeasance or other acquisition, cancellation or retirement for value of Capital Stock of the Issuer, any Restricted Subsidiary or any Parent (including any options, warrants or other rights in respect thereof) or the purchase, repurchase, redemption, defeasance or other acquisition, cancellation or retirement for value of profit participation loans or similar instruments of any Parent and loans, advances, dividends or distributions by the Issuer to any Parent to permit any Parent to purchase, repurchase, redeem, defease or otherwise acquire, cancel or retire for value Capital Stock of the Issuer, any Restricted Subsidiary or any Parent (including any options, warrants or other rights in respect thereof), or payments to purchase, repurchase, redeem, defease or otherwise acquire, cancel or retire for value Capital Stock of the Issuer, any Restricted Subsidiary or any Parent (in each case, including any options, warrants or other rights in respect thereof), or payments to purchase, repurchase, redeem, defease or otherwise acquire, cancel or retire for value profit participation loans or similar instruments of any Parent, in each case from Management Investors; provided that such payments, loans, advances, dividends or distributions do not exceed an amount (net of repayments of any such loans or advances) equal to (x) €2.0 million, plus €1.0 million per annum (with any amount unused in any calendar year being carried over to the following years), plus (y) the Net Cash Proceeds received by the Issuer and the Restricted Subsidiaries since the Issue Date (including through receipt of proceeds from the issuance or sale of its Capital Stock or Subordinated Shareholder Funding to a Parent) from, or as a contribution to the equity (in each case under this clause (6), other than through the issuance of Disqualified Stock or Designated Preference Shares) of the Issuer from, the issuance or sale to Management Investors of Capital Stock (including any options, warrants or other rights in respect thereof), plus (z) the Net Cash Proceeds of key man life insurance policies, to the extent such Net Cash Proceeds in (y) and (z) are not included in any calculation under clause (c)(i) or (c)(ii) of the second paragraph under this covenant and are not Excluded Contributions or Parent Debt Contributions; provided further, that cancellation of Indebtedness owing to the Issuer or any Restricted Subsidiary from members of management, directors or employees of the Issuer, or any Parent or Restricted Subsidiaries in connection with a repurchase of Capital Stock of the Issuer or any Parent will not be deemed to constitute a Restricted Payment for purposes of this covenant or any other provision of the Indenture;

(7) the declaration and payment of dividends to holders of any class or series of Disqualified Stock, or of any Preferred Stock of a Restricted Subsidiary, Incurred in accordance with the terms of the covenant described under "—Limitation on Indebtedness";

(8) purchases, repurchases, redemptions, defeasances or other acquisitions or retirements of Capital Stock deemed to occur upon the exercise of stock options, warrants or other rights in respect thereof if such Capital Stock represents a portion of the exercise price thereof;

(9) dividends, loans, advances or distributions to any Parent or other Restricted Payments by the Issuer or any Restricted Subsidiary in amounts equal to (without duplication):

(a) the amounts required for any Parent, without duplication, to pay any Parent Expenses or any Related Taxes; and

(b) amounts constituting or to be used for purposes of making payments of fees and expenses Incurred (i) in connection with the Refinancing or disclosed in this Offering Memorandum or (ii) to the extent specified in clauses (2), (3), (5), (7) and (11) (*provided* that the aggregate amount of payments pursuant to clause (11)(a), when taken together with the payments referred to under clause (6) of the definition of Parent Expenses, shall not exceed the greater of €2.0 million and 2% of Consolidated EBITDA in any fiscal year) of the second paragraph under "—*Limitation on Affiliate Transactions*";

(10) so long as no Default or Event of Default has occurred and is continuing (or would result immediately thereafter), (a) Restricted Payments in an aggregate amount outstanding at any time not to exceed the greater of €11.0 million and 9% of Consolidated EBITDA; and (b) any Restricted Payments, so long as, immediately after giving *pro forma* effect to the payment of such Restricted Payment and the Incurrence of any Indebtedness the net proceeds of which are used to make such Restricted Payment, the Consolidated Net Leverage Ratio shall be no greater than 2.0 to 1.00;

(11) payments by the Issuer, or loans, advances, dividends or distributions to any Parent to make payments, to holders of Capital Stock of the Issuer or any Parent in lieu of the issuance of fractional shares of such Capital Stock, provided, however, that any such payment, loan, advance, dividend or distribution shall not be for the purpose of evading any limitation of this covenant or otherwise to facilitate any dividend or other return of capital to the holders of such Capital Stock (as determined in good faith by the Board of Directors or a member of senior management of the Issuer or any Parent);

(12) Restricted Payments in an aggregate amount outstanding at any time not to exceed (a) the aggregate amount of Excluded Contributions, or consisting of non-cash Excluded Contributions, or Investments made in exchange for or using as consideration Investments previously made under this paragraph (12), or (b) an amount not to exceed the cash proceeds from a sale, conveyance, transfer or other disposition in respect of property or assets acquired with proceeds from Excluded Contributions;

(13) payment of any Receivables Fees and purchases of Receivables Assets and other assets pursuant to a Receivables Repurchase Obligation in connection with a factoring financing, securitization, Qualified Receivables Financing, a Receivables Financing or similar arrangement;

(14) (i) the declaration and payment of dividends to holders of any class or series of Designated Preference Shares of the Issuer issued after the Issue Date; and (ii) the declaration and payment of dividends to any Parent or any Affiliate thereof, the proceeds of which will be used to fund the payment of dividends to holders of any class or series of Designated Preference Shares of such Parent or Affiliate issued after the Issue Date; provided that, in the case of clauses (i) and (ii), the amount of all dividends declared or paid pursuant to this clause (14) shall not exceed the Net Cash Proceeds received by the Issuer or the aggregate amount contributed in cash to the equity (other than through the issuance of Disqualified Stock or, in the case of Designated Preference Shares by such Parent or Affiliate, the issuance of Designated Preference Shares) of the Issuer or contributed as Subordinated Shareholder Funding to the Issuer (in each case, other than through Excluded Contributions and Parent Debt Contributions), as applicable, from the issuance or sale of such Designated Preference Shares, *provided*, *however*, that to the extent so applied, the Net Cash Proceeds from such contribution will be excluded from clauses (c)(ii) and (c)(iii) of the second paragraph of this covenant;

(15) dividends or other distributions of Capital Stock, Indebtedness or other securities of Unrestricted Subsidiaries;

(16) [*Reserved*]; and

(17) advances or loans to (a) any future, present or former officer, director, employee or consultant of the Issuer or a Restricted Subsidiary or any Parent to pay for the purchase or other acquisition for value of Capital Stock of the Issuer or any Parent (other than Disqualified Stock or Designated Preference Shares), or any obligation under a forward sale agreement, deferred purchase agreement or deferred payment arrangement pursuant to any management equity plan or stock option plan or any other management or employee benefit or incentive plan or other agreement or arrangement or (b) any management equity plan or stock option plan or any other management or employee benefit or incentive plan or unit trust or the trustees of any such plan or trust to pay for the purchase or other acquisition for value of Capital Stock of the Issuer or any Parent (other than Disqualified Stock or Designated Preference Shares); *provided*, *however*, that the total aggregate amount of Restricted Payments made under this clause (17) does not exceed €2.0 million per calendar year.

provided that, immediately after giving *pro forma* effect to the payment of any Permitted Payment made pursuant to sub-clauses (5), (6), (10)(a) (*provided that* this condition shall only apply to any Restricted Dividends and Indirect Restricted Payments) and (17) above, the Consolidated Net Leverage Ratio shall be no greater than 2.0 to 1.00.

The amount of all Restricted Payments shall be the fair market value on the date of such Restricted Payment of the asset(s) or securities proposed to be paid, transferred or issued by the Issuer or such Restricted Subsidiary, as the case may be, pursuant to such Restricted Payment. The fair market value of any cash Restricted Payment shall be its face amount, and the fair market value of any non-cash Restricted Payment shall be determined conclusively by the Issuer or any senior management of the Issuer acting in good faith.

For purposes of determining compliance with this covenant, and without prejudice to the section "*—Financial Calculations in Respect of Transactions*," in the event that a Restricted Payment (or portion thereof) or Investment (i) meets the criteria of more than one of the categories of Permitted Payments described in clauses (1) through (18) of the third paragraph of this covenant, and/or (ii) is permitted pursuant to the first or second paragraph of this covenant and/or (iii) constitutes a Permitted Investment, the Issuer will be entitled to classify such Restricted Payment or Investment (or portion thereof) on the date of its payment or later reclassify (based on circumstances existing on the date of such reclassification) such Restricted Payment or Investment (or portion thereof) in any manner that complies with this covenant, including a Permitted Investment.

Notwithstanding any to the contrary in the Indenture, in no event shall the Issuer or any Restricted Subsidiary be permitted to dispose of, or grant an exclusive license to, any Material Intellectual Property, whether as an asset sale, investment, dividend or otherwise, to any Unrestricted Subsidiary.

Limitation on Liens

The Issuer will not, and the Issuer will not permit any Restricted Subsidiary to, directly or indirectly, create, Incur or suffer to exist any Lien upon any of its property or assets (excluding Receivables of the Issuer or any Restricted Subsidiary and including Capital Stock of a Restricted Subsidiary), whether owned on the Issue Date or acquired after that date, or any interest therein or any income or profits therefrom, which Lien is securing any Indebtedness (such Lien, the "**Initial Lien**"), except (a) in the case of any property or asset that does not constitute Collateral, (1) Permitted Liens or (2) Liens on property or assets that are not Permitted Liens if the Notes and all payments due under the Indenture are directly secured equally and ratably with, or prior to (in the case of Liens with respect to Subordinated Indebtedness), the Indebtedness secured by such Initial Lien for so long as such Indebtedness is so secured, and (b) in the case of any property or asset that constitutes Collateral, Permitted Collateral Liens.

Any such Lien created in favor of the Notes will be automatically and unconditionally released and discharged upon (i) the release and discharge of the Initial Lien to which it relates, and (ii) otherwise as set forth under "*—Security—Release of Liens*." or the terms of the Intercreditor Agreement, any Additional Intercreditor Agreement or the relevant Security Document.

Liens on Receivables

The Issuer will not, and will not permit any Restricted Subsidiary to, directly or indirectly, create, Incur or suffer to exist any Lien securing Indebtedness on any of its Receivables, whether owned or acquired after the Issue Date (such Lien, the "**Receivables Lien**"), except (1)(a) Liens on Receivables of the Rekeep Polska Group, and (b) Liens on Receivables described in one or more of clauses (2), (3), (4), (5), (6), (8), (9), (11), (12), (14), (18), (20), (23), (24) and (32) of the definition of "Permitted Liens" or (2) Liens on Receivables that are not otherwise permitted under this covenant if the Notes are directly secured equally and ratably with, or prior to, in the case of Liens with respect to Subordinated Indebtedness, the Indebtedness secured by such Receivables Lien for so long as such Indebtedness is so secured (clauses (1) and (2), together, "**Permitted Receivables Liens**"). For the avoidance of doubt, a Receivables Lien shall not include any lien over Receivables Assets that are not Receivables, including liens on the bank accounts into which the proceeds of such receivables are collected as permitted or required by the arrangements governing any Qualified Receivables Financing and or other Indebtedness or other financing arrangements described in clauses (12)(b) and 12(c) under the second paragraph under "*—Certain Covenants—Limitation on Indebtedness*".

Any such Permitted Receivables Liens created in favor of the Notes will be automatically and unconditionally released and discharged upon (i) the release and discharge of the Receivables Lien to which it relates, and (ii) otherwise as set forth under "*—Security—Release of Liens*." or the terms of the Intercreditor Agreement, any Additional Intercreditor Agreement or the relevant Security Document.

With respect to any Lien securing Indebtedness that was permitted to secure such Indebtedness at the time of the Incurrence of such Indebtedness, such Lien shall also be permitted to secure any Increased Amount of such Indebtedness. The "**Increased Amount**" of any Indebtedness shall mean any increase in the amount of such Indebtedness in connection with any accrual of interest, the accretion of accreted value, the amortization of

original issue discount, the payment of interest in the form of additional Indebtedness with the same terms, accretion of original issue discount or liquidation preference and increases in the amount of Indebtedness outstanding solely as a result of fluctuations in the exchange rate of currencies or increases in the value of property securing such Indebtedness.

Limitation on Restrictions on Distributions from Restricted Subsidiaries

The Issuer will not, and will not permit any Restricted Subsidiary to, create or otherwise cause or permit to exist or become effective any consensual encumbrance or consensual restriction on the ability of any Restricted Subsidiary to:

(1) pay dividends or make any other distributions in cash or otherwise on its Capital Stock or with respect to any other interest or participation in, or measured by, its profits, or pay any Indebtedness or other obligations owed to the Issuer or any Restricted Subsidiary;

(2) make any loans or advances to the Issuer or any Restricted Subsidiary; or

(3) sell, lease or transfer any of its property or assets to the Issuer or any Restricted Subsidiary,

provided that (x) the priority of any Preferred Stock in receiving dividends or liquidating distributions prior to dividends or liquidating distributions being paid on common stock and (y) the subordination of (including the application of any standstill requirements to) loans or advances made to the Issuer or any Restricted Subsidiary to other Indebtedness Incurred by the Issuer or any Restricted Subsidiary shall not be deemed to constitute such an encumbrance or restriction.

The provisions of the preceding paragraph will not prohibit:

(1) any encumbrance or restriction pursuant to (a) any Credit Facility (including the Revolving Credit Facility) and any guarantees related thereto, (b) the Indenture, the Notes, the Intercreditor Agreement, any Additional Intercreditor Agreement or the Security Documents, or (c) any other agreement or instrument, in each case in effect at or entered into on, or prior to, the Issue Date;

(2) any encumbrance or restriction pursuant to an agreement or instrument of a Person or relating to any Capital Stock or Indebtedness of a Person, entered into on or before the date on which such Person was acquired by or merged, consolidated or otherwise combined with or into the Issuer or any Restricted Subsidiary, or on which such agreement or instrument is assumed by the Issuer or any Restricted Subsidiary in connection with an acquisition of assets (other than Capital Stock or Indebtedness Incurred as consideration in, or to provide all or any portion of the funds utilized to consummate, the transaction or series of related transactions pursuant to which such Person became a Restricted Subsidiary or was acquired by the Issuer or was merged, consolidated or otherwise combined with or into the Issuer or any Restricted Subsidiary) and outstanding on such date; *provided* that, for the purposes of this clause (2), if another Person is the Successor Issuer (as defined below), the Successor Issuer or the Successor Guarantor (each as defined under "*—Merger and Consolidation*"), any Subsidiary thereof or agreement or instrument of such Person or any such Subsidiary shall be deemed acquired or assumed by the Issuer or any Restricted Subsidiary when such Person becomes the Successor Issuer or the Successor Guarantor;

(3) any encumbrance or restriction pursuant to an agreement or instrument effecting a refinancing of Indebtedness Incurred pursuant to, or that otherwise refinances, an agreement or instrument referred to in clauses (1) or (2) of this paragraph or this clause (3) (an "**Initial Agreement**") or contained in any amendment, supplement or other modification to an agreement referred to in clauses (1) or (2) of this paragraph or this clause (3); *provided*, *however*, that the encumbrances and restrictions with respect to such Restricted Subsidiary contained in any such agreement or instrument are (i) no less favorable in any material respect to the Holders taken as a whole than the encumbrances and restrictions contained in the Initial Agreement or Initial Agreements to which such refinancing or amendment, supplement or other modification relates (as determined in good faith by the Board of Directors or a member of senior management of the Issuer or any Parent) or (ii) customary in comparable financings and where, in the case of this sub-clause (ii), the Issuer determines at the time of Incurrence of such Indebtedness that such encumbrances or restrictions would not adversely affect, in any material respect, the Issuer's ability to make principal or interest payments on the Notes (as determined in good faith by the Board of Directors or a member of senior management of the Issuer or any Parent);

(4) any encumbrance or restriction:

(a) that restricts in a customary manner the subletting, assignment or transfer of any property or asset that is subject to a lease, license or similar contract, or the assignment or transfer of any lease, license or other contract;

(b) contained in mortgages, charges, pledges, hypothecs or other security agreements permitted under the Indenture or securing Indebtedness of the Issuer or a Restricted Subsidiary permitted under the Indenture to the extent such encumbrances or restrictions restrict the transfer of the property or assets subject to such mortgages, charges, pledges hypothecs or other security agreements; or

(c) pursuant to customary provisions restricting dispositions of real property interests set forth in any reciprocal easement agreements of the Issuer or any Restricted Subsidiary;

(5) any encumbrance or restriction pursuant to Purchase Money Obligations and Lease Obligations permitted under the Indenture, in each case, that impose encumbrances or restrictions on the property so acquired in the nature of sub-clause (c) of clause (4) of this paragraph, or any encumbrance or restriction pursuant to a joint venture agreement that imposes restrictions on the distribution or transfer of the assets or Capital Stock of the joint venture;

(6) any encumbrance or restriction with respect to a Restricted Subsidiary (or any of its property or assets) imposed pursuant to an agreement entered into for the direct or indirect sale or disposition to a Person of all or substantially all the Capital Stock or assets of such Restricted Subsidiary (or the property or assets that are subject to such restriction) pending the closing of such sale or disposition;

(7) customary provisions in leases, licenses, shareholder agreements, joint venture agreements and other similar agreements, organizational documents and instruments entered into in the ordinary course of business;

(8) encumbrances or restrictions arising or existing by reason of, or pursuant to, applicable law or any applicable rule, regulation, licensing requirement or order, or required by any regulatory authority or any governmental license, concessions, franchises or permits, including restrictions on encumbrances on cash or deposits (including assets in escrow accounts) paid on property;

(9) any encumbrance or restriction on cash or other deposits or net worth imposed by customers or suppliers, or as required by insurance, surety or bonding companies or indemnities, in each case, under agreements entered into in the ordinary course of business;

(10) any encumbrance or restriction in respect of Hedging Obligations;

(11) any encumbrance or restriction arising pursuant to an agreement or instrument (a) relating to any Indebtedness permitted to be Incurred subsequent to the Issue Date pursuant to the provisions of the covenant described under "*—Limitation on Indebtedness*" if the encumbrances and restrictions contained in any such agreement or instrument taken as a whole are not materially less favorable to the Holders (taken as a whole) than (i) the encumbrances and restrictions contained in the Revolving Credit Facility, the Notes or the Indenture, together with the Security Documents associated therewith, and the Intercreditor Agreement, in each case, as in effect on the Issue Date or (ii) as is customary in comparable financings (as determined in good faith by the Board of Directors or a member of senior management of the Issuer or any Parent) or (b) constituting an Additional Intercreditor Agreement;

(12) any encumbrance or restriction effected in connection with a Qualified Receivables Financing that, in good faith determination of the Board of Directors or a member of senior management of the Issuer or any Parent are customarily Incurred in connection with a Qualified Receivables Financing and that are necessary or advisable to effect such Qualified Receivables Financing; or

(13) any encumbrance or restriction existing by reason of any lien permitted under "*—Limitation on Liens*."

Limitation on Sales of Assets and Subsidiary Stock

The Issuer will not, and will not permit any Restricted Subsidiary to, consummate any Asset Disposition unless:

(1) the consideration the Issuer or such Restricted Subsidiary receives for such Asset Disposition is not less than the fair market value of the Capital Stock, property or other assets subject to such Asset Disposition (as determined by the Board of Directors or an Officer of the Issuer); and

(2) at least 75% of the consideration the Issuer or such Restricted Subsidiary receives in respect of such Asset Disposition consists of:

(a) cash (including any Net Available Cash received from the conversion within 180 days of such Asset Disposition of securities, notes or other obligations received in consideration of such Asset Disposition);

(b) Cash Equivalents;

(c) the assumption by the purchaser of (x) any liabilities recorded on the Issuer's or a Restricted Subsidiary's balance sheet or the notes thereto (or, if Incurred since the date of the latest balance sheet, that would be recorded on the next balance sheet) (other than Subordinated Indebtedness), as a result of which neither the Issuer nor any of the Restricted Subsidiaries remains obligated in respect of such liabilities or (y) Indebtedness of a Restricted Subsidiary (other than Subordinated Indebtedness and Indebtedness owed to the Issuer or any Restricted Subsidiary) that is no longer a Restricted Subsidiary as a result of such Asset Disposition, if the Issuer and each other Restricted Subsidiary is released from any Guarantee of such Indebtedness as a result of such Asset Disposition;

(d) Replacement Assets;

(e) any Capital Stock or assets of the kind referred to in clause (4) or (6) in the second paragraph of this covenant;

(f) consideration consisting of Indebtedness of the Issuer or any Guarantor received from Persons who are not the Issuer or any Restricted Subsidiary, but only to the extent that such Indebtedness (i) has been extinguished by the Issuer or the applicable Guarantor, and (ii) is not Subordinated Indebtedness of the Issuer or such Guarantor;

(g) any Designated Non-Cash Consideration received by the Issuer or any Restricted Subsidiary, having an aggregate fair market value, taken together with all other Designated Non-Cash Consideration received pursuant to this covenant that is at any one time outstanding, not to exceed the greater of €16.0 million and 13% of Consolidated EBITDA (with the fair market value of each issue of Designated Non-Cash Consideration being measured at the time received and without giving effect to subsequent changes in value); or

(h) a combination of the consideration specified in sub-clauses (a) through (g) of this clause (2).

If the Issuer or any Restricted Subsidiary consummates an Asset Disposition, the Net Available Cash of the Asset Disposition, within 365 days (or 545 days in the circumstances described in clause (8) below) of the later of (i) the date of the consummation of such Asset Disposition and (ii) the receipt of such Net Available Cash, may be used by the Issuer or such Restricted Subsidiary, as applicable, to:

(1) (i) prepay, repay, purchase or redeem (including through open market purchases, voluntary tender offers or privately negotiated transactions at market prices) any Indebtedness (including refinancing Indebtedness) Incurred under clause (1) of the second paragraph of the covenant described under "—*Limitation on Indebtedness*"; (ii) unless included in the preceding clause (1)(i), prepay, repay, purchase or redeem (including through open market purchases, voluntary tender offers or privately negotiated transactions at market prices) (a) the Notes and/or (b) Indebtedness (other than the Notes, Subordinated Indebtedness or Indebtedness owed to the Issuer or any Restricted Subsidiary) that is secured by a Lien on the Collateral on a *pari passu* basis with the Notes (including Indebtedness that, pursuant to the Intercreditor Agreement or any Additional Intercreditor Agreement has priority status in respect of the proceeds from the enforcement of the Collateral) at a price of, other than in connection with a Specified Asset Disposal Mandatory Redemption, no more than 100% of the principal amount of such Indebtedness, plus accrued and unpaid interest to the date of such prepayment, repayment, purchase or redemption; or (iii) prepay, repay, purchase or redeem (including through open market purchases, voluntary tender offers or privately negotiated transactions at market prices) any Indebtedness of a Restricted Subsidiary that is not a Guarantor or any Indebtedness that is secured by Liens on assets which

do not constitute Collateral (in each case other than Subordinated Indebtedness of the Issuer or a Guarantor or Indebtedness owed to the Issuer or any Restricted Subsidiary); *provided*, *however*, that in connection with the prepayment, repayment or purchase of Indebtedness (other than the Notes or any revolving Indebtedness (including, for the avoidance of doubt, under the Revolving Credit Facility)), the Issuer or such Restricted Subsidiary will retire such Indebtedness and will cause the related commitments (if any) to be reduced in an amount equal to the principal amount so prepaid, repaid or purchased *provided, further*, that the Issuer shall prepay, repay, purchase or redeem Indebtedness (other than the Notes and the Revolving Credit Facility and any successor Credit Agreement thereto) pursuant to clause (ii) only if the Issuer either (a) reduces the aggregate principal amount of the Notes on an equal and ratable basis with any such Indebtedness by purchasing the Notes through open market purchases or in privately negotiated transactions at market prices or (b) makes (at such time or in compliance with this covenant) an offer to Holders to purchase their Notes in accordance with the provisions set forth below for an Asset Disposition Offer for an aggregate principal amount of Notes equal to the proportion that (x) the total aggregate principal amount of Notes outstanding bears to (y) the sum total aggregate principal amount of the Notes outstanding plus the total aggregate principal amount outstanding of such Indebtedness (other than the Notes);

(2) purchase Notes pursuant to an offer to all Holders at a purchase price in cash equal to at least 100% of the principal amount thereof, plus accrued and unpaid interest thereon and Additional Amounts, if any, to, but not including, the date of purchase (subject to the right of Holders of record on the relevant record date to receive interest due on the relevant interest payment date); *provided*, *however*, that to the extent the Issuer or any Restricted Subsidiary has elected to purchase any amount of the Notes at a price not less than par, to the extent Holders elect not to tender their Notes for such purchase, the Issuer will be deemed to have applied an amount of Net Available Cash equal to such amount not tendered, and such amount shall not increase the amount of Excess Proceeds;

(3) invest in any Replacement Assets;

(4) acquire all or substantially all of the assets of, or any Capital Stock of, another Similar Business, if, after giving effect to any such acquisition of Capital Stock, the Similar Business is or becomes a Restricted Subsidiary;

(5) make a capital expenditure;

(6) acquire other assets (other than Capital Stock and cash or Cash Equivalents) that are used or useful in a Similar Business;

(7) consummate any combination of the foregoing; or

(8) enter into a binding commitment to apply the Net Available Cash pursuant to clauses (1) through (6) of this paragraph or a combination thereof; *provided* that a binding commitment shall be treated as a permitted application of the Net Available Cash from the date of such commitment until the earlier of (x) the date on which such investment is consummated and (y) the 180th day following the expiration of the aforementioned 365-day period, if the investment has not been consummated by that date.

The amount of such Net Available Cash not so used as set forth in this paragraph constitutes "**Excess Proceeds**." Pending the final application of any such Net Available Cash, the Issuer may temporarily reduce revolving credit borrowings or otherwise invest such Net Available Cash in any manner that is not prohibited by the terms of the Indenture.

On the 366th day (or the 546th day, if a binding commitment as described in clause (8) above has been entered into) after an Asset Disposition, or at such earlier time if the Issuer elects, if the aggregate amount of Excess Proceeds exceeds €20.0 million, the Issuer will be required within 10 Business Days thereof to make an offer ("**Asset Disposition Offer**") to all Holders and, to the extent the Issuer elects, to all holders or lenders of other outstanding *Pari Passu* Indebtedness, to purchase the maximum principal amount of Notes and any such *Pari Passu* Indebtedness to which the Asset Disposition Offer applies that may be purchased out of the Excess Proceeds, at an offer price in respect of the Notes in an amount equal to (and, in the case of any *Pari Passu* Indebtedness, an offer price of no more than) 100% of the principal amount of the Notes and 100% of the principal amount of *Pari Passu* Indebtedness, in each case, plus accrued and unpaid interest thereon and Additional Amounts, if any, to, but not including, the date of purchase, in accordance with the procedures set forth in the Indenture or the agreements governing the *Pari Passu* Indebtedness, as applicable, in minimum denominations of

€100,000 and in integral multiples of €1,000 in excess thereof; *provided* that Notes of €100,000 or less may only be purchased in whole and not in part.

To the extent that the aggregate amount of Notes and *Pari Passu* Indebtedness so validly tendered and not properly withdrawn pursuant to an Asset Disposition Offer is less than the Excess Proceeds, the Issuer may use any remaining Excess Proceeds for general corporate purposes, subject to other covenants contained in the Indenture. If the aggregate principal amount of the Notes surrendered in any Asset Disposition Offer by Holders and other *Pari Passu* Indebtedness surrendered by holders or lenders, collectively, exceeds the amount of Excess Proceeds, the Excess Proceeds shall be allocated among the Notes and *Pari Passu* Indebtedness to be repaid or purchased on a *pro rata* basis (or otherwise in accordance with the relevant clearing systems) on the basis of the aggregate principal amount of tendered Notes and *Pari Passu* Indebtedness. For the purposes of calculating the principal amount of any such Indebtedness not denominated in euro, such Indebtedness shall be calculated by converting any such principal amounts into their euro equivalent determined as of a date selected by the Issuer that is within the Asset Disposition Offer Period (as defined below). Upon completion of any Asset Disposition Offer, the amount of Excess Proceeds shall be reset at zero.

To the extent that any portion of Net Available Cash payable in respect of the Notes is denominated in a currency other than the currency in which the relevant Notes are denominated, the amount thereof payable in respect of such Notes shall not exceed the net amount of funds in the currency in which such Notes are denominated that is actually received by the Issuer upon converting such portion of the Net Available Cash into such currency.

The Asset Disposition Offer, in so far as it relates to the Notes, will remain open for a period of not less than 20 Business Days following its commencement (the "**Asset Disposition Offer Period**"). No later than five Business Days after the termination of the Asset Disposition Offer Period (the "**Asset Disposition Purchase Date**"), the Issuer will purchase the principal amount of Notes and, to the extent it elects, *Pari Passu* Indebtedness required to be repaid or purchased by it pursuant to this covenant (the "**Asset Disposition Offer Amount**") or, if less than the Asset Disposition Offer Amount has been so validly tendered, all Notes and *Pari Passu* Indebtedness validly tendered in response to the Asset Disposition Offer.

On or before the Asset Disposition Purchase Date, the Issuer will, to the extent lawful, accept for payment, on a *pro rata* basis to the extent necessary, the Asset Disposition Offer Amount of Notes and *Pari Passu* Indebtedness or portions of Notes and *Pari Passu* Indebtedness so validly tendered and not properly withdrawn pursuant to the Asset Disposition Offer, or if less than the Asset Disposition Offer Amount has been validly tendered and not properly withdrawn, all Notes and *Pari Passu* Indebtedness so validly tendered and not properly withdrawn and in minimum denominations of €100,000 and in integral multiples of €1,000 in excess thereof (*provided* that Notes of €100,000 or less may only be repurchased in whole and not in part). The Issuer will deliver to the Trustee an Officer's Certificate stating that such Notes or portions thereof were accepted for payment by the Issuer in accordance with the terms of this covenant. The Issuer or the Paying Agent, as the case may be, will promptly (but in any case not later than five Business Days after termination of the Asset Disposition Offer Period) mail or deliver to each tendering Holder an amount equal to the purchase price of the Notes so validly tendered and not properly withdrawn by such Holder, and accepted by the Issuer for purchase, and the Issuer will promptly issue a new Note (or amend the applicable Global Note), and the Trustee (or an authenticating agent), upon delivery of an Officer's Certificate from the Issuer, will authenticate and mail or deliver (or cause to be transferred by book entry) such new Note to such Holder, in a principal amount equal to any unpurchased portion of the Note surrendered; *provided* that each such new Note will be in a principal amount with a minimum denomination of €100,000. Any Note not so accepted will be promptly mailed or delivered (or transferred by book entry) by the Issuer to the Holder thereof.

The Issuer will comply, to the extent applicable, with the requirements of Section 14(e) of the Exchange Act and any other securities laws or regulations in connection with the repurchase of Notes pursuant to the Indenture. To the extent that the provisions of any securities laws or regulations conflict with provisions of this covenant, the Issuer will comply with the applicable securities laws and regulations and will not be deemed to have breached its obligations under the Indenture by virtue of such compliance. The Issuer may rely on any no-action letters issued by the SEC indicating the staff of the SEC will not recommend enforcement action in the event a tender offer satisfies certain conditions.

The Issuer or a Restricted Subsidiary, as the case may be, may make an Asset Disposition offer prior to the expiration of the 365-day (or 545-day, as applicable) period mentioned in this covenant.

The provisions under the Indenture related to the Issuer's obligations to make an offer to repurchase the Notes as a result of an Asset Disposition may be waived or modified with the consent of the Holders of a majority in principal amount of all the then outstanding Notes.

Limitation on Affiliate Transactions

The Issuer will not, and will not permit any Restricted Subsidiary to, directly or indirectly, enter into or conduct any transaction or series of related transactions (including the purchase, sale, lease or exchange of any property or the rendering of any service) with any Affiliate of the Issuer (any such transaction or series of related transactions being an "**Affiliate Transaction**") involving aggregate value in excess of €5.0 million unless:

(1) the terms of such Affiliate Transaction taken as a whole are not materially less favorable to the Issuer or such Restricted Subsidiary, as the case may be, than those that could be obtained in a comparable transaction at the time of such transaction or the execution of the agreement providing for such transaction in arm's-length dealings with a Person who is not such an Affiliate; and

(2) in the event such Affiliate Transaction involves an aggregate value in excess of €15.0 million, the terms of such transaction or series of related transactions have been approved or ratified by a resolution of the majority of the members of the Board of Directors of the Issuer resolving that such transaction complies with clause (1) above.

The provisions of the preceding paragraph will not apply to:

(1) any Restricted Payment or Permitted Payment permitted to be made pursuant to the covenant described under "*—Limitation on Restricted Payments*" (other than pursuant to clause (9)(b)(ii) of the third paragraph of the covenant described under "*—Limitation on Restricted Payments*") and any agreement related to such Restricted Payments or Permitted Payments or any Permitted Investment (other than Permitted Investments as defined in clauses (1)(b), (2), (11) and (14) of the definition thereof);

(2) any issuance or sale of Subordinated Shareholder Funding, Capital Stock, options, other equity-related investments or other warrants or securities or right to purchase Capital Stock, or other payments, awards or grants in cash, securities or otherwise pursuant to, or the funding of, or entering into, or maintenance of, any employment, consulting, collective bargaining or benefit plan, program, agreement or arrangement, related trust or other similar agreement and other compensation arrangements, options, warrants or other rights to purchase Capital Stock of the Issuer, any Restricted Subsidiary or any Parent, restricted stock plans, long-term incentive plans, stock appreciation rights plans, participation plans or similar employee benefits or consultants' plans (including valuation, health, insurance, deferred compensation, severance, retirement, savings or similar plans, programs or arrangements) or indemnities provided on behalf of officers, employees, directors or consultants approved or ratified by the Board of Directors of the Issuer;

(3) any Management Advances, and any waiver or transaction with respect thereto, or Parent Expenses;

(4) any transaction between or among the Issuer and any Restricted Subsidiary (or with an entity that is not an Affiliate that becomes a Restricted Subsidiary as a result of such transaction), or between or among Restricted Subsidiaries or any Receivables Subsidiary;

(5) the payment of reasonable fees and reimbursement of expenses to, and customary indemnities (including under customary insurance policies) and employee benefit and pension expenses provided on behalf of, directors, officers, consultants or employees of the Issuer, any Restricted Subsidiary or any Parent (whether directly or indirectly and including through any Person owned or controlled by any of such directors, officers or employees);

(6) (i) the Transactions, (ii) the entry into and performance of obligations of the Issuer or any Restricted Subsidiary under the terms of any transaction pursuant to or contemplated by, and any payments pursuant to or for purposes of funding, any agreement or instrument in effect as of or on the Issue Date, including but not limited to transactions that are described in "*Related Party Transactions*" in the Offering Memorandum, as these agreements and instruments may be amended, modified, supplemented, extended, renewed, replaced or refinanced from time to time in accordance with the other terms of this covenant or to the extent not more disadvantageous to the Holders in any material respect (as determined in good faith by the senior management or the Board of Directors of the Issuer or any Parent of the Issuer), and (iii) the entry into and performance of any registration rights or other listing agreement;

(7) the execution, delivery and performance of any Tax Sharing Agreement or any arrangement pursuant to which the Issuer or any Restricted Subsidiary is required or permitted to file a consolidated tax return, or the formation and maintenance of any consolidated group for tax, accounting or cash pooling or management purposes in the ordinary course of business;

(8) transactions with customers, clients, Associates (including joint venture partners), suppliers, contractors, distributors or purchasers or sellers of goods or services, lessors or lessees of property or providers of employees or other labor, in each case in the ordinary course of business, which are fair to the Issuer or the relevant Restricted Subsidiary in the reasonable determination of the Board of Directors or an Officer of the Issuer or the relevant Restricted Subsidiary, or are on terms no less favorable than those that could reasonably have been obtained at such time from an unaffiliated party;

(9) any transaction between or among the Issuer or any Restricted Subsidiary and any Affiliate of the Issuer (other than an Unrestricted Subsidiary) or an Associate or similar entity, including any joint venture, that would constitute an Affiliate Transaction solely because the Issuer or a Restricted Subsidiary owns an equity interest in or otherwise controls such Affiliate, Associate or similar entity;

(10) (a) issuances or sales of Capital Stock (other than Disqualified Stock or Designated Preference Shares) of the Issuer or options, warrants or other rights to acquire such Capital Stock, or Subordinated Shareholder Funding; *provided* that the interest rate and other financial terms of such Subordinated Shareholder Funding are approved by a majority of the members of the Board of Directors of the Issuer in their reasonable determination and (b) any amendment, waiver or other transaction with respect to any Subordinated Shareholder Funding in compliance with the other provisions of the Indenture, the Intercreditor Agreement or any Additional Intercreditor Agreement, as applicable;

(11) (a) payments by the Issuer or any Restricted Subsidiary to any Parent of annual management, consulting, monitoring or advisory fees and related expenses in an aggregate amount not to exceed the greater of €2.0 million and 2.0% of Consolidated EBITDA in any fiscal year and, in each case, related expenses and indemnities; and (b) customary payments by the Issuer or any Restricted Subsidiary to any Parent for financial advisory, financing, underwriting or placement services or in respect of other investment banking activities, including in connection with loans, capital market transactions, acquisitions or divestitures, joint ventures or other investments and payments related to the reimbursement of reasonable out-of-pocket expenses Incurred by a Parent in connection with its Investment in the Issuer or any Restricted Subsidiary, which payments (or agreements providing for such payments) in respect of this clause (11)(b) are approved by a majority of the Board of Directors of the Issuer in good faith;

(12) any transactions in respect of which the Issuer or a Restricted Subsidiary delivers to the Trustee a letter from an Independent Financial Advisor stating that such transaction is (i) fair to the Issuer or such Restricted Subsidiary from a financial point of view or (ii) on terms not less favorable than might have been obtained in a comparable transaction at such time on an arm's-length basis from a Person who is not an Affiliate;

(13) any contribution to the equity of the Issuer in exchange for Capital Stock (other than Disqualified Stock and Preferred Stock) or any investments by any Parent in securities of any Restricted Subsidiary (and the payment of reasonable out-of-pocket expenses of the Parent in connection therewith);

(14) pledges of Capital Stock of Unrestricted Subsidiaries;

(15) any transaction effected as part of a Qualified Receivables Financing;

(16) Investments by Affiliates in Indebtedness or Preferred Stock of the Issuer or any of its Subsidiaries, so long as (i) the investment complies with clause (1) of the preceding paragraph, (ii) non-Affiliates were also offered the opportunity to invest in such Indebtedness or Preferred Stock on the same or more favorable terms and (iii) in the case of securities, the investment constitutes less than 5% of the issue amount of such securities, and transactions with Affiliates solely in their capacity as holders of Indebtedness or Preferred Stock of the Issuer or any of its Subsidiaries, so long as such transaction is with all holders of such class (and there are such non-Affiliate holders) and such Affiliates are treated no more favorably than all other holders of such class generally; and

(17) any transaction effected as part of or in connection with a Permitted Reorganization or in connection with an Initial Public Offering and in accordance with the Intercreditor Agreement or any Additional Intercreditor Agreement.

Reports

So long as any Notes are outstanding, the Issuer will provide to Holders and the Trustee the following reports:

(1) within 120 days after the end of each of the Issuer's fiscal years beginning with the fiscal year ending December 31, 2024, (a) annual reports containing: (i) an operating and financial review of the audited financial statements, including a discussion of the consolidated financial condition, results of operations and material changes in liquidity and capital resources of the Issuer; (ii) unaudited *pro forma* income statement and balance sheet information of the Issuer together with explanatory footnotes, for any material acquisitions, dispositions or recapitalizations that have occurred since the beginning of the most recently completed fiscal year as to which such annual report relates (unless such *pro forma* information has been provided in a previous report pursuant to clause 2(b) or (2)(c) below); *provided* that such *pro forma* financial information will be provided only to the extent available without unreasonable expense or burden, in which case the Issuer will provide, in the case of a material acquisition, acquired company financials; and (iii) the audited consolidated balance sheet of the Issuer as of the end of the most recent fiscal year and audited consolidated income statements and statements of cash flow of the Issuer for the most recent fiscal year, including appropriate footnotes to such financial statements, for and as of the end of such fiscal year and the report of the independent auditors on the financial statements; (b) a description of the management and shareholders of the Issuer, all material affiliate transactions and a description of all material debt instruments; (c) a description of material changes in risk factors and material subsequent events; and (d) Consolidated EBITDA; *provided* that the information described in clauses (b), (c) and (d) may be provided in the footnotes to the audited financial statements;

(2) within 60 days following the end of each of the first three fiscal quarters in each fiscal year of the Issuer, beginning with the fiscal quarter ending March 31, 2025, quarterly financial statements containing the following information: (a) the Issuer's unaudited condensed consolidated balance sheet as of the end of such quarter and unaudited condensed statements of income and cash flow for the most recent quarter year to date period ending on the unaudited condensed balance sheet date and the comparable prior period, together with condensed footnote disclosure; (b) unaudited *pro forma* income statement and balance sheet information of the Issuer, together with explanatory footnotes, for any material acquisitions, dispositions or recapitalizations that have occurred since the beginning of the most recently completed fiscal year as to which such quarterly report relates; *provided* that such *pro forma* financial information will be provided only to the extent available without unreasonable expense or burden, in which case the Issuer will provide, in the case of a material acquisition, acquired company financials; (c) an operating and financial review of the unaudited financial statements; and (d) any material recent developments; and

(3) promptly after the occurrence of a material event that the Issuer announces publicly or any acquisition, disposition or restructuring, merger or similar transaction that is material to the Issuer and the Restricted Subsidiaries, taken as a whole, or a change in the chief executive officer or chief financial officer at the Issuer or a change in auditors of the Issuer, a report containing a description of such event.

In addition, the Issuer shall furnish to the Holders and to prospective investors, upon the request of such parties, any information required to be delivered pursuant to Rule 144A(d)(4) under the Securities Act for so long as the Notes are not freely transferable under the Securities Act.

The Issuer shall be deemed to satisfy its obligations to furnish a report to the Holders pursuant to this covenant by making such report available on its website (or a website of a Parent) and, if and so long as the Notes are listed on the Official List of the Luxembourg Stock Exchange and admitted to trading on the Euro MTF Market and to the extent that the rules and regulations of the Luxembourg Stock Exchange so require, copies of such reports will also be made available on the website of the Luxembourg Stock Exchange.

All financial statement information shall be prepared in accordance with IFRS as in effect on the date of such report or financial statement and on a consistent basis for the periods presented, except as may otherwise be described in such information; *provided*, *however*, that the reports set forth in clauses (1), (2) and (3) above may, in the event of a change in IFRS, present earlier periods on a basis that applied to such periods. Except as provided below, no report need include separate financial statements for the Issuer or any Subsidiaries of the Issuer or any

disclosure with respect to the results of operations or any other financial or statistical disclosure not of a type included in this Offering Memorandum. In addition, the reports set forth above will not be required to contain any reconciliation to U.S. GAAP.

For purposes of this covenant, an acquisition or disposition shall be deemed to be material if the entity or business acquired or disposed of represents greater than 20% of the Issuer's (a) total revenue or Consolidated EBITDA for the most recently-completed four full consecutive fiscal quarters for which annual or quarterly financial reports have been furnished to Holders or (b) consolidated assets as of the last day of the most recently completed fiscal quarter for which annual or quarterly financial reports have been delivered to the Trustee tested after giving effect to such transaction in the case of an acquisition and prior to giving effect to such transaction in the case of a disposition.

At any time that any of the Issuer's Subsidiaries are Unrestricted Subsidiaries and any such Unrestricted Subsidiary or a group of Unrestricted Subsidiaries, taken as a whole, constitutes a Significant Subsidiary of the Issuer, then the quarterly and annual financial information required by the first paragraph of this "*Reports*" will include a reasonably detailed presentation, either on the face of the financial statements or in the footnotes thereto, of the financial condition and results of operations of the Issuer and the Restricted Subsidiaries separate from the financial condition and results of operations of the Unrestricted Subsidiaries of the Issuer.

In the event that (i) the Issuer or any Parent becomes subject to the reporting requirements of Section 13(a) or 15(d) of the Exchange Act, or elects to comply with such provisions, for so long as it continues to file the reports required by Section 13(a) with the SEC or (ii) the Issuer elects to provide to the Trustee reports which, if filed with the SEC, would satisfy (in the good faith judgment of the Issuer) the reporting requirements of Section 13(a) or 15(d) of the Exchange Act (other than the provision of U.S. GAAP information, certifications, exhibits or information as to internal controls and procedures), for so long as it elects, the Issuer will make available to the Trustee such annual reports, information, documents and other reports that the Issuer or such Parent, as applicable, is, or would be, required to file with the SEC pursuant to such Section 13(a) or 15(d).

The Issuer may comply with the requirements of clauses (1) and (2) of this covenant by providing any report or financial statements of a direct or indirect Parent of the Issuer (if such entity is different from the Issuer) so long as such reports (if an annual or quarterly report) (a) meet the requirements (including as to content and time of delivery) of clause (1) and (2) of this covenant as if references to the Issuer therein were references to such Parent and (b) include condensed consolidated financial information together with separate columns for: (i) such Parent; (ii) the Issuer and the Restricted Subsidiaries on a combined basis; (iii) any other Subsidiaries of the Issuer on a combined basis; (iv) consolidating adjustments; and (v) the total consolidated amounts. Upon complying with the foregoing requirement, the Issuer will be deemed to have complied with the provisions contained in the preceding paragraphs.

Additionally, in the event that, and for so long as, the equity securities of the Issuer or any Parent or IPO Entity are listed on the Main Market of the London Stock Exchange or one or more of the equivalent regulated markets of the Milan Stock Exchange, the Frankfurt Stock Exchange or the Paris Stock Exchange or another internationally recognized stock exchange (any of the foregoing, an "**International Exchange**") and the Issuer or such Parent or IPO Entity is subject to the admission and disclosure standards applicable to issuers of equity securities admitted to trading on the Main Market of the London Stock Exchange (or the equivalent standards applicable to issuers of equity securities admitted to trading on such International Exchange, for so long as it elects, the Issuer will make available to the Holders such annual reports, information, documents and other reports that the Issuer or such Parent or IPO Entity is, or would be, required to file with such International Exchange). Upon complying with the foregoing requirements, and provided that such requirements require the Issuer or any Parent or IPO Entity to prepare and file annual reports, information, documents and other reports with such International Exchange, as applicable, the Issuer will be deemed to have complied with the provisions contained in the preceding paragraphs. The Trustee does not have any duty to review any such financial statements and/or reports provided to it pursuant to this covenant, is not considered to have notice of the content of such statements, a Default or Event of Default based on such content and does not have a duty to verify the accuracy of such financial statements and/or reports. Further, delivery of any information, documents and reports to the Trustee pursuant to this "Reports" covenant is for information purposes only and the Trustee's receipt of such shall not constitute constructive notice of any information contained therein including the Issuer's compliance with any of its covenants under the Indenture.

All reports provided pursuant to this "*Reports*" covenant shall be made in the English language.

Merger and Consolidation

The Issuer

The Issuer will not, directly or indirectly, consolidate with or merge with or into, or assign, convey, transfer, lease, sell or otherwise dispose all or substantially all of the assets of the Issuer and its Restricted Subsidiaries, taken as a whole, as an entirety or substantially as an entirety, in one transaction or a series of related transactions to, any Person, unless:

(1) either the Issuer is the surviving entity or the resulting, surviving or transferee Person (the "**Successor Issuer**") will be a Person organized and existing under the laws of any member state of the European Union, the United Kingdom, any State of the United States of America or the District of Columbia, Canada or any province of Canada, Norway or Switzerland and the Successor Issuer (if not the Issuer) will expressly assume, (a) by supplemental indenture, executed and delivered to the Trustee, in a form reasonably satisfactory to the Trustee, all the obligations of the Issuer under the Notes and the Indenture and (b) all obligations of the Issuer under the Intercreditor Agreement, any Additional Intercreditor Agreement and the Security Documents, as applicable;

(2) immediately after giving effect to such transaction (and treating any Indebtedness that becomes an obligation of the Successor Issuer or any Subsidiary of the Successor Issuer as a result of such transaction as having been Incurred by the Successor Issuer or such Subsidiary at the time of such transaction), no Default or Event of Default shall have occurred and be continuing;

(3) immediately after giving effect to such transaction, either (a) the Issuer or the Successor Issuer, as applicable, would be able to Incur at least an additional €1.00 of Indebtedness pursuant to clause (1) of the first paragraph of the covenant described under "*—Limitation on Indebtedness*" or (b) the Fixed Charge Coverage Ratio would not be less than it was immediately prior to giving effect to such transaction; and

(4) the Issuer or the Successor Issuer, as applicable, shall have delivered to the Trustee (a) an Officer's Certificate and an Opinion of Counsel, each to the effect that such consolidation, merger or transfer and such supplemental indenture (if any) comply with the terms of the Indenture and (b) an Opinion of Counsel to the effect that in the case of the Successor Issuer, such supplemental indenture (if any) has been duly authorized, executed and delivered and is a legal, valid and binding agreement enforceable against the Successor Issuer (in each case, in form and substance reasonably satisfactory to the Trustee); *provided* that in giving an Opinion of Counsel, counsel may rely on an Officer's Certificate as to any matters of fact.

Any Indebtedness that becomes an obligation of the Issuer or any Restricted Subsidiary (or that is deemed to be Incurred by any Restricted Subsidiary that becomes a Restricted Subsidiary) as a result of any such transaction undertaken in compliance with this covenant, and any Refinancing Indebtedness with respect thereto, shall be deemed to have been Incurred in compliance with the covenant described under "*—Limitation on Indebtedness.*"

For purposes of this covenant, the sale, lease, conveyance, assignment, transfer, or other disposition of all or substantially all of the properties and assets of one or more Subsidiaries of the Issuer, which properties and assets, if held by the Issuer instead of such Subsidiaries, would constitute all or substantially all of the properties and assets of the Issuer on a consolidated basis, shall be deemed to be the transfer of all or substantially all of the properties and assets of the Issuer.

The Successor Issuer will succeed to, and be substituted for, and may exercise every right and power of, the Issuer under the Indenture but in the case of a lease of all or substantially all its assets, the predecessor Person will not be released from its obligations under the Indenture or the Notes.

There is no precise established definition of the phrase "substantially all" under applicable law. Accordingly, in certain circumstances there may be a degree of uncertainty as to whether a particular transaction would involve "all or substantially all" of the property or assets of a Person.

The foregoing provisions (other than the requirements of clause (2) of the first paragraph of this "*—Merger and Consolidation—The Issuer*" covenant) shall not apply to (i) any transactions which constitute an Asset Disposition if the Issuer has complied with the covenant described under "*—Limitation on Sales of Assets and Subsidiary Stock*" or (ii) the creation of a new Subsidiary as a Restricted Subsidiary.

Guarantor

No Guarantor (other than a Guarantor whose Notes Guarantee is to be released in accordance with the terms of the Indenture or the Intercreditor Agreement substantially concurrently with such consolidation, merger, sale, assignment, conveyance, transfer, lease or other disposition) will, directly or indirectly, consolidate with or merge with or into, or assign, convey, transfer, lease, sell or otherwise dispose of all or substantially all its assets as an entirety or substantially as an entirety, in one transaction or a series of related transactions to, any Person, unless:

(1) the other Person is the Issuer or any Restricted Subsidiary that is a Guarantor or becomes a Guarantor substantially concurrently with such consolidation, merger, sale, assignment, conveyance, transfer, lease, sell or other disposition;

(2) (a) either (x) the Issuer or a Guarantor is the continuing Person or (y) the resulting, surviving or transferee Person expressly assumes all of the obligations of the Guarantor under its Notes Guarantee and the Indenture (pursuant to a supplemental indenture executed and delivered in a form reasonably satisfactory to the Trustee) and all obligations of the Guarantor under the Intercreditor Agreement, any Additional Intercreditor Agreement and the Security Documents, as applicable (such resulting, surviving or transferee Person (other than the Issuer), the "**Successor Guarantor**"); and (b) immediately after giving effect to the transaction, no Default or Event of Default shall have occurred and is continuing; or

(3) the transaction constitutes a sale or other disposition (including by way of consolidation or merger) of a Guarantor or the sale or disposition of all or substantially all the assets of a Guarantor (in each case other than to the Issuer or a Restricted Subsidiary) otherwise permitted by the Indenture,

provided, *however*, that the prohibition in clauses (1) or (2)(a) shall not apply to the extent that compliance therewith could give rise to or result in: (1) any breach or violation of statutory limitations, corporate benefit, financial assistance, fraudulent preference, thin capitalization rules, capital maintenance rules, guidance and coordination rules or the laws rules or regulations (or analogous restriction) of any applicable jurisdiction; (2) any risk or liability for the officers, directors or (except in the case of a Restricted Subsidiary that is a partnership) shareholders of such Restricted Subsidiary (or, in the case of a Restricted Subsidiary that is a partnership, directors or shareholders of the partners of such partnership); or (3) any cost, expense, liability or obligation (including with respect to any Taxes) other than reasonable out-of-pocket expenses.

The provisions set forth in this "*Merger and Consolidation*" covenant shall not restrict (and shall not apply to): (i) any Restricted Subsidiary that is not the Issuer or a Guarantor from consolidating with, merging or liquidating into or transferring all or substantially all of its properties and assets to the Issuer, a Guarantor or any other Restricted Subsidiary that is not the Issuer or a Guarantor; (ii) any Guarantor from merging or liquidating into or transferring all or part of its properties and assets to the Issuer or another Guarantor; (iii) any consolidation or merger of the Issuer into any Guarantor; *provided* that, if the Issuer is not the surviving entity of such merger or consolidation, the relevant Guarantor will assume the obligations of the Issuer under the Notes, the Indenture, the Intercreditor Agreement, any Additional Intercreditor Agreement and the Security Documents and clauses (1) and (4) under the heading "—*The Issuer*" shall apply to such transaction; and (iv) the Issuer or any Guarantor consolidating into or merging or combining with an Affiliate incorporated or organized for the purpose of changing the legal domicile of such entity, reincorporating such entity in another jurisdiction, or changing the legal form of such entity; *provided*, *however*, that clauses (1) and (4) under the heading "—*The Issuer*" or clauses (1) through (3) under the heading "—*Additional Guarantees*," as the case may be, shall apply to any such transaction.

Impairment of Security Interest

The Issuer shall not, and the Issuer shall not permit any Restricted Subsidiary to, take or knowingly or negligently omit to take any action that would have the result of materially impairing the Security Interest with respect to the Collateral (it being understood that the Incurrence of Permitted Collateral Liens or the confirmation or affirmation of security interests in respect of the Collateral, the occurrence of or implementation or any step in the Transactions or any Permitted Reorganization shall under no circumstances be deemed to materially impair the Security Interest with respect to the Collateral) for the benefit of the Trustee and the Holders, and the Issuer shall not, and the Issuer shall not permit any Restricted Subsidiary to, grant to any Person other than the Security Agent, for the benefit of the Trustee and the Holders and the other beneficiaries described in the Security Documents and the Intercreditor Agreement or any Additional Intercreditor Agreement, any interest whatsoever in any of the Collateral, except that the Issuer and the Restricted Subsidiaries (as applicable) may (i) amend, extend, renew, restate, supplement, release, release and re-grant or otherwise modify or replace any Security Documents for the purposes of Incurring

Permitted Collateral Liens, (ii) amend, extend, renew, restate, supplement, release or otherwise modify or replace any Security Documents for the purposes of undertaking a Permitted Reorganization or a transaction not prohibited by the covenant set forth under "—*Merger and Consolidation*," (iii) discharge, release and re-grant, if applicable, security interests in respect of the Collateral in accordance with the Indenture, the applicable Security Documents or the Intercreditor Agreement or any Additional Intercreditor Agreement, (iv) amend the applicable Security Documents from time to time to cure any ambiguity, mistake, omission, defect, error or inconsistency therein, (v) amend, extend, renew, restate, supplement, replace or otherwise modify or release any Security Documents followed by an immediate retaking of a Lien of at least equivalent ranking over the same assets and (vi) amend the Security Interests in any manner that does not adversely affect Holders in any material respect; provided, however, that in the case of clause (i), (v) and (vi) above, the Security Documents may not be amended, extended, renewed, restated, supplemented, released, released and re-granted, if applicable, or otherwise modified or replaced, unless contemporaneously with any such action, the Issuer delivers to the Trustee, either (a) a solvency opinion, in form and substance reasonably satisfactory to the Trustee from an Independent Financial Advisor confirming the solvency of the Issuer and its Subsidiaries, taken as a whole (as applicable), after giving effect to any transactions related to such amendment, extension, renewal, restatement, supplement, release, modification or replacement, (b) a certificate from the Board of Directors of the relevant Person, which confirms the solvency of the Issuer or the relevant Person granting such Security Interest, after giving effect to any transactions related to such amendment, extension, renewal, restatement, supplement, release, modification or replacement, or (c) an Opinion of Counsel, in form and substance reasonably satisfactory to the Trustee, confirming that, after giving effect to any transactions related to such amendment, extension, renewal, restatement, supplement, release, modification or replacement, the Lien or Liens created under the Security Documents, so amended, extended, renewed, restated, supplemented, released, modified or replaced are valid Liens not otherwise subject to any limitation, imperfection or new hardening period, in equity or at law, that such Lien or Liens were not otherwise subject to immediately prior to such amendment, extension, renewal, restatement, supplement, release, modification or replacement.

In the event that the Issuer complies with the requirements of this covenant, each of the Trustee and the Security Agent shall (subject to each of the Trustee and the Security Agent being indemnified and/or secured (including by way of prefunding) to its satisfaction) consent to such amendments without the need for instructions from the Holders.

Additional Guarantees

Notwithstanding anything to the contrary in this covenant, no Restricted Subsidiary shall Guarantee the Indebtedness of the Issuer or a Guarantor Incurred pursuant to a Credit Facility (including, for the avoidance of doubt, the Revolving Credit Facility) with an aggregate outstanding principal amount in excess of €15.0 million or any Public Debt unless such Restricted Subsidiary is or becomes a Guarantor on the date on which the Guarantee is Incurred and, if applicable, executes and delivers to the Trustee a supplemental indenture in the form attached to the Indenture pursuant to which such Restricted Subsidiary will provide a Notes Guarantee; *provided*, *however*, that such Restricted Subsidiary shall not be obligated to become such a Guarantor to the extent and for so long as the Incurrence of such Notes Guarantee would be inconsistent with the Agreed Security Principles or may reasonably be expected to give rise to or result in (1) any breach or violation of statutory limitations, corporate benefit, financial assistance, fraudulent preference, thin capitalization rules, capital maintenance rules, guidance and coordination rules or the laws, rules or regulations (or analogous restrictions) of any applicable jurisdiction; (2) any risk or liability for the officers, directors or shareholders of such Restricted Subsidiary; or (3) any cost, expense, liability or obligation (including with respect to any Taxes) other than reasonable out of pocket expenses and other than reasonable expenses Incurred in connection with any governmental or regulatory filings required as a result of, or any measures pursuant to clause (2) undertaken in connection with, such Notes Guarantee which cannot be avoided through measures reasonably available to the Issuer or any Restricted Subsidiary. At the option of the Issuer, any Notes Guarantee may contain limitations on such Guarantor's liability to the extent reasonably necessary to recognize certain defenses generally available to guarantors (including those that relate to fraudulent conveyance or transfer, voidable preference, financial assistance, corporate purpose, capital maintenance or similar laws, regulations or defenses affecting the rights of creditors generally) or other considerations under applicable law.

Future Notes Guarantees granted pursuant to this provision shall be released as set forth under "—*The Notes Guarantees—Notes Guarantee Release*." A Notes Guarantee of a future Guarantor may also be released at the option of the Issuer if at the date of such release either (1) there is no Indebtedness of such Guarantor outstanding which was Incurred after the Issue Date and which could not have been Incurred in compliance with the Indenture if such Guarantor had not been designated as a Guarantor or (2) there is no Indebtedness of such Guarantor outstanding which was Incurred after the Issue Date and which could not have been Incurred in compliance with

the Indenture as of the date of such release if such Guarantor were not designated as a Guarantor as of that date. The Trustee and the Security Agent shall each take all necessary actions, including the granting of releases or waivers under the Intercreditor Agreement or any Additional Intercreditor Agreement, to effectuate any release of a Notes Guarantee in accordance with these provisions, subject to each of the Trustee and the Security Agent being indemnified and/or secured (including by way of prefunding) to its satisfaction.

The validity and enforceability of the Notes Guarantees and the Security Interests and the liability of each Guarantor will be subject to the limitations as described and set out in "*Certain limitations on validity and enforceability of the Notes Guarantees and the Collateral and certain insolvency law considerations*."

Additional Intercreditor Agreements

The Indenture will provide that, at the request of the Issuer, in connection with the Incurrence by the Issuer or the Restricted Subsidiaries of any (x) Indebtedness permitted pursuant to the first paragraph of the covenant described under "*—Limitation on Indebtedness*" or clause (1), (4), (5), (6), (7) (other than with respect to Lease Obligations), (11) or (13) of the second paragraph of the covenant described under "*—Limitation on Indebtedness*" and (y) any refinancing Indebtedness in respect of Indebtedness referred to in the foregoing clause (x), the Issuer, the relevant Restricted Subsidiaries, the Trustee and the Security Agent shall enter into with the holders of such Indebtedness (or their duly authorized Representatives) an intercreditor agreement (an "**Additional Intercreditor Agreement**") or a restatement, amendment or other modification of the existing Intercreditor Agreement on substantially the same terms as the Intercreditor Agreement (or terms not materially less favorable to the Holders), including containing substantially the same terms with respect to release of Guarantees and priority and release of the Security Interests; *provided* that such Additional Intercreditor Agreement will not impose any personal obligations on the Trustee or Security Agent or, in the opinion of the Trustee or Security Agent, as applicable, adversely affect the rights, duties, liabilities or immunities of the Trustee or Security Agent under the Indenture or the Intercreditor Agreement.

The Indenture also will provide that, at the direction of the Issuer and without the consent of Holders, the Trustee and the Security Agent shall from time to time enter into one or more amendments to any Intercreditor Agreement to: (1) cure any ambiguity, omission, defect, manifest error or inconsistency of any such agreement, (2) increase the amount or types of Indebtedness covered by any such agreement that may be Incurred by the Issuer or any Restricted Subsidiary that is subject to any such agreement (including with respect to any Intercreditor Agreement or Additional Intercreditor Agreement, the addition of provisions relating to new Indebtedness ranking junior in right of payment to the Notes), (3) add Restricted Subsidiaries to the Intercreditor Agreement or an Additional Intercreditor Agreement, (4) further secure the Notes (including Additional Notes), (5) make provision for equal and ratable pledges of the Collateral to secure Additional Notes, (6) facilitate a Permitted Reorganization, (7) implement any Permitted Collateral Liens, (8) amend the Intercreditor Agreement or any Additional Intercreditor Agreement in accordance with the terms thereof or (9) make any other change to any such agreement that does not adversely affect the Holders in any material respect. In formulating its opinion on such matters, the Trustee shall be entitled to request and rely absolutely on such evidence as it deems appropriate, including an Officer's Certificate and an Opinion of Counsel. The Issuer shall not otherwise direct the Trustee or the Security Agent to enter into any amendment to any Intercreditor Agreement without the consent of the Holders of the majority in aggregate principal amount of the Notes then outstanding, except as otherwise permitted below under "*—Amendments and Waivers*," and the Issuer may only direct the Trustee and the Security Agent to enter into any amendment to the extent such amendment does not impose any personal obligations on the Trustee or Security Agent or, in the opinion of the Trustee or Security Agent, adversely affect their respective rights, duties, liabilities or immunities under the Indenture or the Intercreditor Agreement or any Additional Intercreditor Agreement.

The Indenture also will provide that, in relation to any Intercreditor Agreement or Additional Intercreditor Agreement, the Trustee (and Security Agent, if applicable) shall consent on behalf of the Holders to the payment, repayment, purchase, repurchase, defeasance, acquisition, retirement or redemption of any obligations subordinated to the Notes thereby; *provided*, *however*, that such transaction would comply with the covenant described under "*—Limitation on Restricted Payments*."

The Indenture also will provide that each Holder, by accepting a Note, shall be deemed to have agreed to and accepted the terms and conditions of the Intercreditor Agreement or any Additional Intercreditor Agreement, (whether then entered into or entered into in the future pursuant to the provisions described herein) and to have authorized and directed the Trustee and the Security Agent to enter into any such Additional Intercreditor Agreement.

Suspension of Covenants on Achievement of Investment Grade Status

If on any date following the Issue Date, the Notes have achieved Investment Grade Status and no Default or Event of Default has occurred and is continuing (a "**Suspension Event**"), then, beginning on that day and continuing until such time, *if any, at which the* Notes cease to have Investment Grade Status (the "**Reversion Date**"), the provisions of the Indenture summarized under the following captions will not apply to the Notes:

(1) "—Limitation on Restricted Payments";

(2) "—Limitation on Indebtedness";

(3) "—Limitation on Restrictions on Distributions from Restricted Subsidiaries";

(4) "—Limitation on Affiliate Transactions";

(5) "—Limitation on Sales of Assets and Subsidiary Stock";

(6) the provisions of clause (3) of the covenant described under "—Merger and Consolidation—The Issuer";

(7) "—Impairment of Security Interest"; and

(8) the second, third and fourth paragraphs of the definition of "Unrestricted Subsidiary,"

and, in each case, any related default provision of the Indenture will cease to be effective and will not be applicable to the Issuer or the Restricted Subsidiaries.

Such covenants and any related default provisions will again apply according to their terms from the first day on which a Suspension Event ceases to be in effect. Such covenants will not, however, be of any effect with regard to actions of the Issuer properly taken during the continuance of the Suspension Event, and no action taken prior to the Reversion Date will constitute a Default or Event of Default. The covenant set forth under "*—Limitation on Restricted Payments*" and the second, third and fourth paragraphs of the definition of "Unrestricted Subsidiary" will be interpreted as if it has been in effect since the date of the Indenture but not during the continuance of the Suspension Event. On the Reversion Date, all Indebtedness of the Issuer and the Restricted Subsidiaries Incurred during the continuance of the Suspension Event will be deemed to have been outstanding on the Issue Date, so that it is classified as permitted under clause (4)(b) of the second paragraph of the covenant described under "*—Limitation on Indebtedness*."

Furthermore, (a) any transactions prohibited by the covenant set forth under "*—Limitation on Affiliate Transactions*" entered into after the Reversion Date pursuant to an agreement entered into during any continuance of a Suspension Event shall be deemed to be permitted pursuant to clause (6)(ii) of the second paragraph of the covenant set forth under "*—Limitation on Affiliate Transactions*," and (b) any encumbrance or restriction on the ability of any Restricted Subsidiary to take any action described in clauses (A) through (C) of the first paragraph of the covenant described under "*—Limitation on Restrictions on Distributions from Restricted Subsidiaries*" that becomes effective during any continuance of a Suspension Event shall be deemed to be permitted pursuant to clause (1)(c) of the second paragraph of the covenant set forth under "*—Limitation on Restrictions on Distributions from Restricted Subsidiaries*."

In addition, the Indenture will also permit, without causing a Default or Event of Default, the Issuer or any of the Restricted Subsidiaries to honor any contractual commitments or take actions in the future after any date on which the Notes cease to have an Investment Grade Status as long as the contractual commitments were entered into during the Suspension Event and not in anticipation of the Notes no longer having an Investment Grade Status. The Trustee shall have no duty to monitor the ratings of the Notes, shall not be deemed to have any knowledge of the ratings of the Notes and shall have no duty to notify Holders if the Notes achieve an Investment Grade Status or upon the occurrence of the Reversion Date. The Issuer shall notify the Trustee that the conditions set forth in the first paragraph under this caption have been satisfied, provided that, no such notification shall be a condition for the suspension of the covenants described under this caption to be effective. The Trustee shall not be obliged to notify Holders of a Suspension Event or, if applicable, upon the occurrence of a Reversion Date.

There can be no assurance that the Notes will ever achieve or maintain an Investment Grade Status.

Financial Calculations in Respect of Transactions

When calculating the availability under any basket, threshold or ratio under the Indenture in connection with any transaction or whether such transaction is permitted under the Indenture (including, for the avoidance of doubt and without limitation, any Incurrence or assumption of Indebtedness or Liens, the making of any Restricted Payment, Permitted Payment or Investment, any Asset Disposition, including any Specified Asset Disposal, any acquisition, merger, consolidation, amalgamation or other business combination and any other transaction requiring the testing of any basket based on the Consolidated EBITDA of the Issuer), the date of determination of such basket or ratio and of any Default or Event of Default shall, at the option of the Issuer, be (A) the date the definitive agreements for such transaction are entered into or (B) the date of consummation of any such transaction, and such baskets, threshold or ratios shall be calculated with such *pro forma* adjustments as are appropriate and consistent with the pro forma provisions set forth in the definitions of Consolidated EBITDA, Fixed Charge Coverage Ratio and Consolidated Net Leverage Ratio after giving effect to such transaction and other transactions to be entered into in connection therewith (including any Incurrence of Indebtedness and the use of proceeds thereof) as if they had occurred at the beginning of the applicable period for purposes of determining the ability to consummate any such transaction, and, for the avoidance of doubt (x) if any of such baskets, thresholds or ratios are exceeded as a result of fluctuations in such basket, threshold or ratio (including due to fluctuations in the Consolidated Net Income or Consolidated EBITDA of the Issuer or that arises from an asset or a target company subject to such transaction) subsequent to such date of determination and at or prior to the consummation of the relevant transaction, such baskets or ratios will not be deemed to have been exceeded as a result of such fluctuations solely for purposes of determining whether the transaction is permitted under the Indenture and (y) such baskets, threshold or ratios shall not be tested at the time of consummation of such transaction or related transactions; provided that if the Issuer elects to have such determination occur at the time of entry into such definitive agreement, any such transactions (including any Incurrence of Indebtedness and the use of proceeds therefrom) shall be deemed to have occurred on the date the definitive agreements are entered into and outstanding thereafter for purposes of calculating any baskets, thresholds or ratios under the Indenture after the date of such agreement and before the consummation of such transaction. To the extent the date of determination of a basket, threshold or ratio is tested prior to the date of consummation of a transaction, such basket, threshold or ratio shall be deemed utilized to the same extent until the earlier of the date of consummation of such transaction or the date such transaction is terminated or expires without consummation, except that, in the case of an acquisition, merger or consolidation, any calculation of Consolidated EBITDA for purposes other than Incurrences of Indebtedness or Liens or the making of Restricted Payments (not related to such acquisition, merger or consolidation) shall not reflect such transaction until it has been consummated.

Events of Default

Each of the following will be an "**Event of Default**" under the Indenture:

(1) default in any payment of interest on any Note issued under the Indenture when due and payable, continued for 30 days;

(2) default in the payment of the principal amount of or premium, if any, on any Note issued under the Indenture when due at its Stated Maturity, upon optional redemption, upon required repurchase or mandatory redemption, upon acceleration or otherwise;

(3) failure by the Issuer or any Guarantor to comply for 60 days after notice by the Trustee or the Holders of at least 30% in principal amount of the outstanding Notes with its respective other agreements contained in the Indenture;

(4) the occurrence of any default under any mortgage, indenture or instrument under which there may be issued or by which there may be secured or evidenced any Indebtedness for money borrowed by the Issuer or any Restricted Subsidiary (or the payment of which is Guaranteed by the Issuer or any Restricted Subsidiary) other than Indebtedness owed to the Issuer or a Restricted Subsidiary whether such Indebtedness or Guarantee now exists, or is created after the Issue Date, which default:

    (a) is caused by a failure to pay principal at stated maturity on such Indebtedness, immediately upon the expiration of the grace period provided in such Indebtedness ("**payment default**"); or

    (b) results in the acceleration of such Indebtedness prior to its maturity (the "**cross acceleration provision**"),

and the principal amount of any such Indebtedness, together with the principal amount of any other such Indebtedness under which there has been a payment default or the maturity of which has been so accelerated, aggregates €25.0 million or more;

(5) certain events of bankruptcy, insolvency or court protection of the Issuer, a Significant Subsidiary or a group of Restricted Subsidiaries that, taken together (as of the latest audited consolidated financial statements for the Issuer), would constitute a Significant Subsidiary (the "**bankruptcy provisions**");

(6) failure by the Issuer or any Significant Subsidiary or group of Restricted Subsidiaries that, taken together (as of the latest audited consolidated financial statements for Issuer), would constitute a Significant Subsidiary to pay final judgments aggregating in excess of €25.0 million (exclusive of any amounts that a solvent insurance company has acknowledged liability for), which judgments are not paid, discharged or stayed for a period of 60 days after the judgment becomes final (the "**judgment default provision**");

(7) any Security Interest under the Security Documents with respect to Collateral having a fair market value in excess of €20.0 million shall, at any time, cease to be in full force and effect (other than in accordance with the terms of the relevant Security Document, the Intercreditor Agreement, any Additional Intercreditor Agreement and the Indenture) for any reason other than the satisfaction in full of all obligations under the Indenture or the release of any such Security Interest in accordance with the terms of the Indenture, the Intercreditor Agreement, any Additional Intercreditor Agreement or the Security Documents or any such Security Interest created thereunder shall be declared invalid or unenforceable or the Issuer or the applicable Restricted Subsidiary shall assert in writing that any such Security Interest is invalid or unenforceable and any such Default continues for 10 days; and

(8) any Notes Guarantee of a Significant Subsidiary ceases to be in full force and effect (other than in accordance with the terms of such Notes Guarantee or the Indenture) or is declared invalid or unenforceable in a judicial proceeding or any Guarantor denies or disaffirms in writing its obligations under its Notes Guarantee and any such Default continues for 10 days.

However, a default under clauses (3), (4) or (6) of this paragraph will not constitute an Event of Default until the Trustee or the Holders of 30% in principal amount of the outstanding Notes under the Indenture notify the Issuer of the default and, with respect to clauses (3), (4) and (6) the Issuer does not cure such default within the time specified in clauses (3), (4) or (6), as applicable, of this paragraph after receipt of such notice.

If an Event of Default (other than an Event of Default described in clause (5) above) occurs and is continuing, the Trustee, by notice to the Issuer or the Holders of at least 30% in principal amount of the outstanding Notes under the Indenture by written notice to the Issuer and the Trustee, may, and the Trustee (subject to certain conditions) at the request of such Holders shall, declare the principal of, premium, if any, and accrued and unpaid interest on all the Notes under the Indenture to be due and payable. Upon such a declaration, such principal, premium and accrued and unpaid interest will be due and payable immediately. In the event of a declaration of acceleration of the Notes because an Event of Default described in clause (4) above has occurred and is continuing, the declaration of acceleration of the Notes shall be automatically annulled if the event of default or payment default triggering such Event of Default pursuant to clause (4) shall be remedied or cured, or waived by the holders of the Indebtedness, or the Indebtedness that gave rise to such Event of Default shall have been discharged in full, within 30 days after the declaration of acceleration with respect thereto and if (i) the annulment of the acceleration of the Notes would not conflict with any judgment or decree of a court of competent jurisdiction and (ii) all existing Events of Default, except non-payment of principal, premium or interest on the Notes that became due solely because of the acceleration of the Notes, have been cured or waived.

If an Event of Default described in clause (5) above occurs and is continuing, the principal of, premium, if any, and accrued and unpaid interest on all the Notes will become and be immediately due and payable without any declaration or other act on the part of the Trustee or any Holders.

Holders may not enforce the Indenture or the Notes except as provided in the Indenture and may not enforce the Security Documents except as provided in such Security Documents and the Intercreditor Agreement or any Additional Intercreditor Agreement.

The Holders of not less than a majority in principal amount of the outstanding Notes under the Indenture by notice to the Trustee may, on behalf of all Holders, waive all past or existing Defaults or Events of Default (except with respect to non-payment of principal, premium, interest or Additional Amounts, if any, on any Note held by a non-consenting Holder (which may only be waived with the consent of Holders holding 75% of the aggregate principal

amount of the Notes outstanding under the Indenture)) and rescind any such acceleration with respect to such Notes and its consequences if rescission would not conflict with any judgment or decree of a court of competent jurisdiction.

Subject to the provisions of the Indenture relating to the duties of the Trustee, if an Event of Default occurs and is continuing, the Trustee will be under no obligation to exercise any of the rights or powers under the Indenture at the request or direction of any of the Holders unless such Holders have offered to the Trustee and, if requested, the Trustee has received, customary indemnification and/or security (including by way of prefunding) satisfactory to the Trustee in its sole discretion against any loss, liability or expense. Except to enforce the right to receive payment of principal or interest when due, no Holder may pursue any remedy with respect to the Indenture or the Notes unless:

(1) such Holder has previously given the Trustee notice that an Event of Default is continuing;

(2) Holders of at least 30% in principal amount of the outstanding Notes have requested the Trustee to pursue the remedy;

(3) such Holders have offered the Trustee indemnity and/or security (including by way of prefunding) satisfactory to it against any loss, liability or expense;

(4) the Trustee has not complied with such request within 60 days after the receipt of the request and the offer of such indemnity and/or security (including by way of prefunding); and

(5) the Holders of a majority in principal amount of the outstanding Notes have not given the Trustee a direction that, in the opinion of the Trustee, is inconsistent with such request within such 60-day period.

Subject to certain restrictions, the Holders of not less than a majority in principal amount of the outstanding Notes are given the right to direct the time, method and place of conducting any proceeding for any remedy available to the Trustee or of exercising any trust or power conferred on the Trustee.

The Indenture will provide that, in the event an Event of Default has occurred and is continuing of which a responsible officer of the Trustee has been given written notice, the Trustee will be required in the exercise of its powers to use the degree of care that a prudent person would use in the conduct of its own affairs. The Trustee, however, may refuse to follow any direction that conflicts with law or the Indenture or that would involve the Trustee in personal liability. Prior to taking any action under the Indenture, the Trustee will be entitled to customary indemnification and/or security (including by way of prefunding) satisfactory to the Trustee against all losses, liabilities and expenses (including legal fees) caused by taking or not taking such action. Prior to the occurrence of an Event of Default, the Trustee will have no obligation to monitor compliance by the Issuer with the terms of the Indenture. The Indenture will provide that if a Default occurs and is continuing and the Trustee is informed of such occurrence by the Issuer, the Trustee must give notice of the Default to the Holders within 60 days after being notified by the Issuer. Except in the case of a Default in the payment of principal of, or premium, if any, or interest on any Note, the Trustee may withhold notice if and so long as the Trustee determines that withholding notice is in the interests of the Holders. The Issuer is required to deliver to the Trustee, within 120 days after the end of each fiscal year (beginning with the first fiscal year ending after the Issue Date), an Officer's Certificate indicating whether the signers thereof know of any Default or Event of Default that occurred during the previous year. The Issuer is required to deliver to the Trustee, within 30 days after the occurrence thereof, written notice of any events of which it is aware which would constitute certain Defaults, their status and what action the Issuer is taking or proposes to take in respect thereof.

The Indenture will provide that (i) if a Default occurs for a failure to deliver a required certificate in connection with another default (an "**Initial Default**") then at the time such Initial Default is cured, such Default for a failure to report or deliver a required certificate in connection with the Initial Default will also be cured without any further action and (ii) any Default or Event of Default for the failure to comply with the time periods prescribed under "*—Certain Covenants—Reports*" or otherwise to deliver any notice or certificate pursuant to any other provision of this Indenture shall be deemed to be cured upon the delivery of any such report required by such provision or notice or certificate, as applicable, even though such delivery is not within the prescribed period specified in the Indenture.

The Indenture will provide for the Trustee to take action on behalf of the Holders in certain circumstances, but only if the Trustee is indemnified and/or secured (including by way of prefunding) to its satisfaction. It may not be possible for the Trustee to take certain actions in relation to the Notes and, accordingly, in such circumstances

the Trustee will be unable to take action, notwithstanding the provision of an indemnity to it, and it will be for Holders to take action directly.

Amendments and Waivers

Subject to certain exceptions, any mandatory provisions of Italian law in force from time to time and in compliance with the provisions described in "—Meetings of Holders," the Notes Documents may be amended, supplemented or otherwise modified with the consent of Holders of at least a majority in principal amount of the Notes then outstanding (including consents obtained in connection with a purchase of, or tender offer or exchange offer for, Notes) and, subject to certain exceptions, any default or compliance with any provisions thereof may be waived with the consent of the Holders of at least a majority in principal amount of the Notes then outstanding (including consents obtained in connection with a purchase of, or tender offer or exchange offer for, Notes). If any amendment, supplement or waiver will only affect one series of senior secured notes issued under the Indenture, only the holders of a majority in aggregate principal amount of such then outstanding series of senior secured notes issued under the Indenture (and not the consent of the holders of the majority of all senior secured notes issued under the Indenture), as the case may be, shall be required.

However, without the consent of Holders holding not less than 75% of the then outstanding principal amount of the Notes affected (provided, that if any amendment, supplement, waiver or other modification or consent will only affect one series of senior secured notes issued under the Indenture, only the consent of the holders of at least 75% of the aggregate principal amount of such then outstanding series of senior secured notes issued under the Indenture, as the case may be, shall be required), an amendment or waiver may not, with respect to any Notes held by a non-consenting Holder:

(1) reduce the principal amount of Notes whose Holders must consent to an amendment, waiver or modification;

(2) reduce the stated rate of or extend the stated time for payment of interest on any Note;

(3) reduce the principal of or extend the Stated Maturity of any Note;

(4) reduce the premium payable upon the redemption of any Note or change the time at which any Note may be redeemed, in each case as described under "—*Optional Redemption*";

(5) make any Note payable in money other than that stated in the Note;

(6) impair the contractual right of any Holder to institute suit for the enforcement of any payment of principal of, or interest or Additional Amounts on, if any, such Holder's Notes on or after the due dates therefor;

(7) make any change in the provision of the Indenture described under "—*Withholding Taxes*" that adversely affects the right of any Holder of such Notes in any material respect or amends the terms of such Notes in a way that would result in a loss of an exemption from any of the Taxes described thereunder or an exemption from any obligation to withhold or deduct Taxes so described thereunder unless the Issuer or the applicable Payor agrees to pay Additional Amounts, if any, in respect thereof;

(8) release any security interests granted for the benefit of the Holders in the Collateral other than in accordance with the terms of the Security Documents, the Intercreditor Agreement, any applicable Additional Intercreditor Agreement or the Indenture;

(9) waive a Default or Event of Default with respect to the non-payment of principal, premium or interest or Additional Amounts, if any, on the Notes (except pursuant to a rescission of acceleration of the Notes by the Holders of at least a majority in aggregate principal amount of such Notes and a waiver of the payment default that resulted from such acceleration);

(10) release any Guarantor from any of its obligations under its Notes Guarantee or the Indenture, except in accordance with the terms of the Indenture and the Intercreditor Agreement; or

(11) make any change in the amendment or waiver provisions which require the Holders' consent described in this sentence.

For the avoidance of doubt, the Indenture shall not include any provision incorporating, giving effect to, or otherwise reflecting the provisions of Section 316(b) of the Trust Indenture Act. Notwithstanding the foregoing,

without the consent of any Holder, the Issuer, the Trustee and the Security Agent may amend or supplement any Notes Documents to:

(1) cure any ambiguity, omission, defect, error or inconsistency;

(2) provide for the assumption by a successor Person of the obligations of the Issuer or any Restricted Subsidiary under any Notes Document;

(3) add to the covenants or provide for a Notes Guarantee for the benefit of the Holders or surrender any right or power conferred upon the Issuer or any Restricted Subsidiary;

(4) make any change that would provide additional rights or benefits to the Trustee or the Holders or that does not adversely affect the rights or benefits to the Trustee or any of the Holders in any material respect under the Notes Documents;

(5) make such provisions as necessary (as determined in good faith by the Board of Directors or an Officer of the Issuer) for the issuance of Additional Notes;

(6) to provide for any Restricted Subsidiary to provide a Notes Guarantee in accordance with the provision described under "*—Certain Covenants—Limitation on Indebtedness*" or "*—Certain Covenants—Additional Guarantees*," to add Guarantees with respect to the Notes, to add security to or for the benefit of the Notes, or to confirm and evidence the release, termination, discharge or retaking of any Notes Guarantee or Lien (including the Collateral and the Security Documents) or any amendment in respect thereof with respect to or securing the Notes when such release, termination, discharge or retaking or amendment is provided for under the Indenture, the Security Documents, the Intercreditor Agreement or any Additional Intercreditor Agreement;

(7) conform the text of the Indenture, the Security Documents or the Notes to any provision of this "*Description of the Notes*" to the extent that such provision in this "*Description of the Notes*" was intended to be a recitation of a provision of the Indenture, the Intercreditor Agreement, the Security Documents or the Notes;

(8) evidence and provide for the acceptance and appointment under the Indenture or the Intercreditor Agreement or any Additional Intercreditor Agreement of a successor Trustee or Security Agent pursuant to the requirements thereof or to provide for the accession by the Trustee or the Security Agent to any Notes Document;

(9) in the case of the Security Documents, to mortgage, pledge, hypothecate or grant a security interest in favor of the Security Agent for the benefit of the Holders or parties to the Revolving Credit Facility, in any property which is required by the Security Documents or the Revolving Credit Facility (as in effect on the Issue Date) to be mortgaged, pledged or hypothecated, or in which a security interest is required to be granted to the Security Agent, or to the extent necessary to grant a security interest in the Collateral for the benefit of any Person; *provided* that the granting of such security interest is not prohibited by the Indenture or the Intercreditor Agreement or any Additional Intercreditor Agreement and the provisions described under "*—Certain Covenants—Impairment of Security Interest*" is complied with; or

(10) as provided in "*—Certain Covenants—Impairment of Security Interest*" and "*Certain Covenants—Additional Intercreditor Agreements*."

In formulating its decision on such matters, the Trustee shall be entitled to receive and rely absolutely on such evidence as it deems necessary, including Officer's Certificates and Opinions of Counsel.

The consent of the Holders is not necessary under the Indenture to approve the particular form of any proposed amendment of any Notes Document. It is sufficient if such consent approves the substance of the proposed amendment. A consent to any amendment under the Indenture by any Holder of Notes given in connection with a tender of such Holder's Notes will not be rendered invalid by such tender.

Notwithstanding anything to the contrary in the paragraph above, in order to effect an amendment authorized by subsections (3) and (6) in respect of providing for a Notes Guarantee, it shall only be necessary for the supplemental indenture or Notes Guarantee of such additional Guarantor to be duly authorized and executed by (i) the Issuer, (ii) such additional Guarantor and (iii) the Trustee.

The Indenture will not contain a covenant regulating the offer and/or payment of a consent fee to Holders.

Acts by Holders

In determining whether the Holders of the required principal amount of the Notes have concurred in any direction, waiver or consent, the Notes owned by the Issuer or by any Person directly or indirectly controlled, or controlled by, or under direct or indirect common control with, the Issuer will be disregarded and deemed not to be outstanding.

Defeasance

The Issuer at any time may terminate all obligations of the Issuer and each Guarantor under the Notes and the Indenture ("**legal defeasance**") and cure all then existing Defaults and Events of Default, except for certain obligations, including those respecting the defeasance trust, the rights, powers, trusts, duties, immunities and indemnities of the Trustee and the obligations of the Issuer in connection therewith and obligations concerning issuing temporary Notes, registration of Notes, mutilated, destroyed, lost or stolen Notes and the maintenance of an office or agency for payment and money for security payments held in trust. Subject to the foregoing, if the Issuer exercises its legal defeasance option, the Security Documents and the rights of the Trustee and the Holders under the Intercreditor Agreement or any Additional Intercreditor Agreement in effect at such time will terminate (other than with respect to the defeasance trust).

The Issuer at any time may terminate the obligations of it and the Restricted Subsidiaries under the covenants described under "*—Certain Covenants*" (other than clauses (1) and (2) of "*—Certain Covenants—Merger and Consolidation*") and "*—Change of Control*" and the default provisions relating to such covenants described under "*—Events of Default*" above, the operation of the cross-default upon a payment default, the cross acceleration provisions, the bankruptcy provisions with respect to Significant Subsidiaries, the judgment default provision, the guarantee provision (other than in respect of the Issuer) and the security default provision described under "*—Events of Default*" ("**covenant defeasance**").

The Issuer at its option at any time may exercise its legal defeasance option notwithstanding its prior exercise of its covenant defeasance option. If the Issuer exercises its legal defeasance option, payment of the Notes may not be accelerated because of an Event of Default with respect to such Notes. If the Issuer exercises its covenant defeasance option with respect to the Notes, payment of the Notes may not be accelerated because of an Event of Default specified in clause (3) (other than with respect to clauses (1) and (2) of the covenant described under "*—Certain Covenants—Merger and Consolidation*"), (4), (5) (with respect only to Significant Subsidiaries), (6), (7) or (8) under "*—Events of Default*."

In order to exercise either defeasance option, the Issuer must irrevocably deposit in trust (the "**defeasance trust**") with the Trustee (or another entity designated or appointed (as agent) by the Trustee for this purpose) cash in euros or euro-denominated European Government Obligations or a combination thereof sufficient for the payment of principal, premium, if any, and interest on the Notes to redemption or maturity, as the case may be, and must comply with certain other conditions, including delivery to the Trustee of:

(1) an Opinion of Counsel in the United States, subject to customary assumptions and exclusions, to the effect that Holders of the relevant Notes will not recognize income, gain or loss for U.S. federal income tax purposes as a result of such deposit and defeasance and will be subject to U.S. federal income tax on the same amount and in the same manner and at the same times as would have been the case if such deposit and defeasance had not occurred (and in the case of legal defeasance only, such Opinion of Counsel in the United States must be based on a ruling of the U.S. Internal Revenue Service or other change in applicable U.S. federal income tax law after the date hereof);

(2) an Officer's Certificate stating that the deposit was not made by the Issuer with the intent of defeating, hindering, delaying, defrauding or preferring any creditors of the Issuer;

(3) an Officer's Certificate and an Opinion of Counsel (which Opinion of Counsel may be subject to customary assumptions and exclusions), each stating that all conditions precedent provided for or relating to legal defeasance or covenant defeasance, as the case may be, have been complied with; and

(4) the Issuer delivers to the Trustee all other documents or other information that the Trustee may reasonably require in connection with either defeasance option.

Satisfaction and Discharge

The Indenture, and the rights of the Trustee and the Holders under the Intercreditor Agreement and any Additional Intercreditor Agreement and the Security Documents will be discharged and cease to be of further effect (except as to surviving rights of conversion or transfer or exchange of the Notes, as expressly provided for in the Indenture) as to all outstanding Notes when (1) either (a) all the Notes previously authenticated and delivered (other than certain lost, stolen or destroyed Notes, and certain Notes for which provision for payment was previously made and thereafter the funds have been released to the Issuer) have been delivered to the Paying Agent for cancellation; or (b) all Notes not previously delivered to the Paying Agent for cancellation (i) have become due and payable, (ii) will become due and payable at their Stated Maturity within one year or (iii) are to be called for redemption within one year under arrangements reasonably satisfactory to the Trustee for the giving of notice of redemption by the Paying Agent in the name, and at the expense, of the Issuer; (2) the Issuer has deposited or caused to be deposited with the Trustee (or another entity designated or appointed (as agent) by the Trustee for this purpose), money or euro-denominated European Government Obligations, or a combination thereof, as applicable, in an amount sufficient to pay and discharge the entire Indebtedness on the Notes not previously delivered to the Paying Agent for cancellation, for principal, premium, if any, and interest to the date of deposit (in the case of Notes that have become due and payable), or to the Stated Maturity or redemption date, as the case may be; (3) the Issuer has paid or caused to be paid all other sums payable under the Indenture; (4) the Issuer has delivered irrevocable instructions to both the Paying Agent and the Trustee under the Indenture to apply the deposited money toward the payment of such Notes at maturity or on the redemption date, as the case may be; and (5) the Issuer has delivered to the Trustee an Officer's Certificate and an Opinion of Counsel each to the effect that all conditions precedent under the "*Satisfaction and Discharge*" section of the Indenture relating to the satisfaction and discharge of the Indenture have been complied with as to such Notes, *provided* that any such counsel may rely on any Officer's Certificate as to matters of fact (including as to compliance with the foregoing clauses (1), (2) and (3)).

If requested in writing by the Issuer, which request may be included in the applicable notice of redemption or pursuant to the applicable Officer's Certificate no later than two Business Days prior to such distribution, the Trustee or the Paying Agent (or such other entity directed, designated or appointed by the Issuer and reasonably acceptable to the Trustee, acting for the Trustee for this purpose) shall distribute any amounts deposited to the Holders prior to the Stated Maturity of the Notes or the applicable redemption date, as the case may be. For the avoidance of doubt, the distribution and payment to Holders prior to the Stated Maturity or applicable redemption date as set forth above will not include any negative interest, present value adjustment, break costs or any other premium on such amounts. To the extent the Notes are represented by a Global Note deposited with a depositary for a clearing system, any payment to the beneficial holders holding Book-Entry Interests as participants of such clearing system will be subject to the then applicable procedures of the clearing system.

Meetings of Holders

All meetings of Holders of each series of the Notes will be held in accordance with applicable Italian laws and regulation. In addition to and without prejudice to the provisions described above under the caption "—Amendments and Waivers," in accordance with the provisions set forth under the Italian Civil Code, the Indenture will include provisions for the convening of meetings of the Holders to consider any matter affecting their interests, including, without limitation, the modification or abrogation by extraordinary resolution of any provisions of the Notes or the Indenture. A meeting may be convened either (i) by the Board of Directors of the Issuer, (ii) by the Noteholders' Representative (as defined below) or (iii) upon request by Holders of at least 5.0% of the aggregate principal amount of the outstanding Notes.

In accordance with the Italian Civil Code, the vote required to pass a resolution by a meeting of the Holders will be (i) in the case of the first meeting, one or more persons that hold or represent Holders of more than one half of the aggregate principal amount of the outstanding Notes and (ii) in the case of the second and any further adjourned meeting, one or more persons that hold or represent Holders of at least two-thirds of the aggregate principal amount of the Notes so present or represented at such meeting. Any such second or further adjourned meeting will be validly held if there are one or more persons present that hold or represent Holders of more than one-third of the aggregate principal amount of the outstanding Notes; *provided*, *however*, that the Issuer's bylaws may provide for a higher quorum (to the extent permitted under Italian law). Certain proposals, as set out under Article 2415 paragraph 1, item 2, and paragraph 3 of the Italian Civil Code (namely, the amendment of the economic terms and conditions of the Notes) may only be approved by an extraordinary resolution passed at a meeting of Holders (including any adjourned meeting) by one or more persons present that hold or represent holders of not less than one-half of the aggregate principal amount of the outstanding Notes.

With respect to the matters set forth in the second paragraph under "—Amendments and Waivers," and to the extent permitted under Italian law, the Indenture will contractually increase the percentage of the aggregate principal amount of Notes otherwise required by Article 2415 of the Italian Civil Code to pass an extraordinary resolution with respect to such matters from 50% to 75% of the aggregate principal amount of the outstanding Notes. See "*Risk Factors—Risks Related to the Notes, the Guarantee and the Collateral—The Issuer may amend the economic terms and conditions of the Notes without the prior consent of all noteholders with the vote of either 75% or 50% of the aggregate principal amount of the outstanding Notes*." Any resolution duly passed at any such meeting shall be binding on all the Holders, whether or not such holder was present at such meeting or voted to approve such resolution. To the extent provided by the Italian Civil Code, the resolutions passed by a meeting of Holders can be challenged by Holders pursuant to Articles 2377 and 2379 of the Italian Civil Code.

The Indenture will provide that the provisions described under this "*—Meetings of Holders*" will be in addition to, and not in substitution of, the provisions described under the caption "—Amendments and Waivers." As such and notwithstanding the foregoing, any amendment, supplement and/or waiver, in addition to complying with the provisions described under this "*—Meetings of Holders*" must also comply with the other provisions described under "—Amendments and Waivers."

Security Agent and Security Representative and Noteholders' Representative

Pursuant to the terms of the Indenture, the execution of the Indenture and the issuance and purchase of the Notes on the Issue Date shall be deemed to constitute the authorization and agreement on behalf of the holders of the Notes of the initial appointment as of the Issue Date of UniCredit S.p.A., as representative (*rappresentante*) pursuant to Article 2414-*bis*, paragraph 3, of the Italian Civil Code (the "**Security Representative**") in order to create and grant in its favor security interests and guarantees securing and guaranteeing the Notes and entitle it to exercise in the name and on behalf of the Holders of the Notes all their rights (including any rights before any court and judicial proceedings) relating to such security interests and guarantees. Pursuant to the terms of the Indenture each holder of the Notes from time to time, by accepting a Note, shall be deemed to have agreed to, and accepted, the appointment of UniCredit S.p.A. as Security Representative.

Moreover, a representative of the Holders of the Notes (*rappresentante comune*) (the "**Noteholders' Representative**") may be appointed pursuant to Articles 2415 and 2417 of the Italian Civil Code by the Holders of the Notes in order to represent the interests of the Holders of the Notes pursuant to Article 2418 of the Italian Civil Code as well as to give effect to resolutions passed at a meeting of the Holders of the Notes. Pursuant to the terms of the Indenture, the execution of the Indenture and the issuance and purchase of the Notes on the Issue Date shall be deemed to constitute the authorization and agreement on behalf of the holders of the Notes of the initial appointment as of the Issue Date of The Law Debenture Trust Corporation p.l.c. as the Noteholders' Representative. If the Noteholders' Representative is not appointed by a meeting of the Holders of the Notes, the Noteholders' Representative shall be appointed by a decree of the Court where the Issuer has its registered office upon request by one or more Holders of the Notes or upon request by the directors of the Issuer. The Noteholders' Representative remains appointed for a maximum period of three financial years but may be subsequently reappointed thereafter.

No Personal Liability of Directors, Officers, Employees and Shareholders

No director, officer, employee, incorporator or shareholder of the Issuer, any Parent or any Subsidiaries or Affiliates of the Issuer, as such, shall have any liability for any obligations of the Issuer or any Guarantor under the Notes Documents or for any claim based on, in respect of, or by reason of, such obligations or their creation. Each Holder by accepting a Note waives and releases all such liability. The waiver and release are part of the consideration for issuance of the Notes. Such waiver may not be effective to waive liabilities under the U.S. federal securities laws and it is the view of the SEC that such a waiver is against public policy.

Concerning the Trustee and Certain Agents

The Law Debenture Trust Corporation p.l.c. is to be appointed as Trustee under the Indenture. The Indenture will provide that, except during the continuance of an Event of Default of which a Responsible Officer of the Trustee has received written notice, the Trustee will perform only such duties as are set forth specifically in the Indenture. During the existence of an Event of Default of which a Responsible Officer of the Trustee has received written notice, the Trustee will exercise such of the rights and powers vested in it under the Indenture and use the same degree of care that a prudent Person would use in conducting its own affairs. The permissive rights of the Trustee to take or refrain from taking any action enumerated in the Indenture will not be construed as an obligation or duty. Furthermore, the Trustee will be under no obligation to exercise any of its rights or powers under the

Indenture at the request of any Holder, unless such Holder has offered to the Trustee, and the Trustee has received, customary protection and indemnification.

The Indenture will impose certain limitations on the rights of the Trustee, should it become a creditor of the Issuer, to obtain payment of claims in certain cases, or to realize on certain property received in respect of any such claim as security or otherwise. The Trustee or any Agent will be permitted to engage in other transactions with the Issuer, its Subsidiaries and Affiliates.

The Indenture will set out the terms under which the Trustee may retire or be removed, and replaced. Such terms will include, among others, (1) that the Trustee may be removed at any time by the Holders of a majority in principal amount of the then outstanding Notes, or may resign at any time by giving written notice to the Issuer and (2) that if the Trustee at any time (a) has or acquires actual knowledge of a conflict of interest that is not eliminated, or (b) becomes incapable of acting as Trustee or becomes insolvent or bankrupt, then the Issuer may remove the Trustee, or any Holder who has been a bona fide Holder for not less than six months may petition any court for removal of the Trustee and appointment of a successor Trustee.

Any removal or resignation of the Trustee shall not become effective until the acceptance of appointment by the successor Trustee.

The Indenture will contain provisions for the indemnification of the Trustee for any loss, liability, Taxes (excluding Taxes imposed on or calculated by reference to the net income received by the Trustee) or expenses (including legal fees) Incurred without gross negligence, willful default or fraud on its part, arising out of or in connection with the acceptance or administration of the Indenture.

Notices

For so long as any of the Notes are listed on Official List of the Luxembourg Stock Exchange and admitted for trading on the Euro MTF thereof and the rules of the Luxembourg Stock Exchange so require, notices of the Issuer with respect to the Notes will be published on the website of the Luxembourg Stock Exchange (www.bourse.lu). In addition, for so long as any Notes are represented by Global Notes, all notices to Holders will be delivered by or on behalf of the Issuer to Euroclear and Clearstream. Such notices may instead be published in a leading newspaper of general circulation in Luxembourg (which is expected to be the Luxembourger Wort) or if, in the opinion of the Issuer such publication is not practicable, in an English language newspaper having general circulation in Europe.

Each such notice shall be deemed to have been given on the date of such publication or, if published more than once on different dates, on the first date on which publication is made; *provided* that, if notices are mailed, such notice shall be deemed to have been given on the later of such publication and the seventh day after being so mailed. Any notice or communication mailed to a Holder shall be mailed to such Person by first-class mail or other equivalent means and shall be sufficiently given to such Holder if so mailed within the time prescribed. Failure to mail a notice or communication to a Holder or any defect in it shall not affect its sufficiency with respect to other Holders. If a notice or communication is mailed in the manner provided above, it is duly given, whether or not the addressee receives it. If a notice or communication is given in via Euroclear or Clearstream, it is duly given on the day the notice is given to Euroclear or Clearstream.

Prescription

Claims against the Issuer and the Guarantors for the payment of principal, or premium, if any, on the Notes will be prescribed ten years after the applicable due date for payment thereof. Claims against the Issuer and the Guarantors for the payment of interest on the Notes will be prescribed six years after the applicable due date for payment of interest.

Currency Indemnity and Calculation of Euro-Denominated Restrictions

The euro is the sole currency of account and payment for all sums payable by the Issuer and the Guarantors under or in connection with the Notes and the Notes Guarantees, including damages. Any amount received or recovered in a currency other than euro, whether as a result of, or the enforcement of, a judgment or order of a court of any jurisdiction, in the winding-up or dissolution of the Issuer, any Guarantor or otherwise by any Holder or by the Trustee, in respect of any sum expressed to be due to it from the Issuer or a Guarantor will only constitute a discharge to the Issuer or such Guarantor, as applicable, to the extent of the euro amount which the recipient is able to purchase with the amount so received or recovered in that other currency on the date of that receipt or

recovery (or, if it is not practicable to make that purchase on that date, on the first date on which it is practicable to do so).

If that euro amount is less than the euro amount expressed to be due to the recipient or the Trustee under any Note (as applicable), the Issuer and the Guarantors will indemnify them against any loss sustained by such recipient or the Trustee as a result. In any event, the Issuer and the Guarantors will indemnify the recipient or the Trustee on a joint and several basis against the cost of making any such purchase. For the purposes of this currency indemnity provision, it will be *prima facie* evidence of the matter stated therein for the Holder of a Note or the Trustee to certify in a manner reasonably satisfactory to the Issuer (indicating the sources of information used) the loss it Incurred in making any such purchase. These indemnities constitute a separate and independent obligation from the Issuer's and the Guarantors' other obligations, will give rise to a separate and independent cause of action, will apply irrespective of any waiver granted by any Holder of a Note or the Trustee (other than a waiver of the indemnities set out herein) and will continue in full force and effect despite any other judgment, order, claim or proof for a liquidated amount in respect of any sum due under any Note or any Notes Guarantee, or to the Trustee.

Except as otherwise specifically set forth herein, for purposes of determining compliance with any euro-denominated restriction herein, the euro equivalent amount for purposes hereof that is denominated in a non-euro currency shall be calculated based on the relevant currency exchange rate in effect on the date such non-euro amount is Incurred or made, as the case may be.

Listing

Application has been made to list the Notes on the Official List of the Luxembourg Stock Exchange and to admit the Notes to trading on the Euro MTF thereof. There can be no assurance that the application to list the Notes on the Official List of the Luxembourg Stock Exchange and to admit the Notes on the Euro MTF will be approved and settlement of the Notes is not conditioned on obtaining such listing.

Enforceability of Judgments

Since substantially all of the assets of the Issuer and the Guarantor are located outside the United States, any judgment obtained in the United States against the Issuer or the Guarantor, including judgments with respect to the payment of principal, premium, interest, Additional Amounts, if any, and any redemption price and any purchase price with respect to the Notes, may not be collectable within the United States.

Consent to Jurisdiction and Service

In relation to any legal action or proceedings arising out of or in connection with the Indenture, the Notes Guarantees and the Notes, the Issuer in the Indenture and the Guarantor and any future Guarantor in its respective supplemental indenture will irrevocably submit to the jurisdiction of the federal and state courts in the Borough of Manhattan in the City of New York, County and State of New York, United States. The Indenture will provide that the Issuer and each Guarantor, will appoint Law Debenture Corporate Services Inc., as their agent for service of process in any suit, action or proceeding with respect to the Indenture, the Notes and the Notes Guarantees brought in any U.S. federal or New York state court located in the City of New York.

Governing Law

The Indenture and the Notes, and the rights and duties of the parties thereunder, shall be governed by and construed in accordance with the laws of the State of New York. For the avoidance of doubt, the governing law of the Indenture (including the Notes Guarantees) and the Notes may be amended with the consent of Holders of at least a majority in principal amount of the Notes then outstanding (including consents obtained in connection with a purchase of, or tender offer or exchange offer for, Notes). The Intercreditor Agreement and the rights and duties of the parties thereunder shall be governed by and construed in accordance with the laws of England. The Security Documents will be governed by the laws of the jurisdiction of the relevant asset that is part of the Collateral.

Certain Definitions

"**Acquired Indebtedness**" means Indebtedness (1) of a Person or any of its Subsidiaries existing at the time such Person becomes a Restricted Subsidiary, or (2) assumed in connection with the acquisition of assets from such Person, in each case whether or not Incurred by such Person in connection with such Person becoming a Restricted Subsidiary or such acquisition or (3) of a Person at the time such Person merges with or into or consolidates or otherwise combines with the Issuer or any Restricted Subsidiary. Acquired Indebtedness shall be deemed to have been Incurred, with respect to clause (1) of the preceding sentence, on the date such Person becomes a Restricted

Subsidiary and, with respect to clause (2) of the preceding sentence, on the date of consummation of such acquisition of assets and, with respect to clause (3) of the preceding sentence, on the date of the relevant merger, consolidation or other combination.

"**Affiliate**" of any specified Person means any other Person, directly or indirectly, controlling or controlled by or under direct or indirect common control with such specified Person. For the purposes of this definition, "**control**" when used with respect to any Person means the power to direct the management and policies of such Person, directly or indirectly, whether through the ownership of voting securities, by contract or otherwise; and the terms "**controlling**" and "**controlled**" have meanings correlative to the foregoing.

"**Agreed Security Principles**" means the agreed security principles to be appended to the Revolving Credit Facility Agreement, as in effect on the Issue Date (and included as an exhibit to the Indenture), as applied *mutatis mutandis* with respect to the Notes in good faith by the Issuer.

"**Applicable Premium**" means, with respect to any Note the greater of:

1% of the principal amount of such Note; and

the excess (to the extent positive) of:

(a) the present value at such redemption date of (1) the redemption price of such Note at September 15, 2026 (such redemption price (expressed as a percentage of principal amount) being set forth in the table under the heading "Optional Redemption"), plus (2) all required interest payments due on such Note to and including September 15, 2026 (excluding accrued but unpaid interest), computed upon the redemption date using a discount rate equal to the Bund Rate (as defined below) at such redemption date (or, if greater than such Bund Rate, zero) plus 50 basis points and assuming that the rate of interest on the Notes for the period from the redemption date through September 15, 2026, will equal the rate of interest on the Notes in effect on the date on which the applicable notice of redemption is given; over

(b) the outstanding principal amount of such Note,

as calculated by the Issuer or on behalf of the Issuer by such Person as the Issuer shall designate.

For the avoidance of doubt, calculation of Applicable Premium shall not be an obligation or duty of the Trustee or any of the Agents.

"**Asset Disposition**" means any direct or indirect sale, lease (other than a Lease Obligation entered into in the ordinary course of business), transfer, issuance or other disposition, or a series of related sales, leases (other than a Lease Obligation entered into the ordinary course of business), transfers, issuances or dispositions that are part of a common plan, of shares or Capital Stock of a Subsidiary of the Issuer (other than directors' qualifying shares), property or other assets (each referred to for the purposes of this definition as a "**disposition**") by the Issuer or any Restricted Subsidiary, including any disposition by means of a merger, consolidation or similar transaction; *provided* that the sale, lease, conveyance or other disposition of all or substantially all of the assets of the Issuer will constitute a default under "*—Certain Covenants—Merger and Consolidation*" unless the conditions described therein are met. Notwithstanding the preceding provisions of this definition, the following items shall be deemed not to be Asset Dispositions:

(1) a disposition by the Issuer to a Restricted Subsidiary or by a Restricted Subsidiary to the Issuer or another Restricted Subsidiary;

(2) a disposition of cash, Cash Equivalents, Temporary Cash Investments or Investment Grade Securities;

(3) a disposition of inventory, trading stock, security equipment or other equipment or assets (including any real or personal property) in the ordinary course of business;

(4) a disposition of obsolete, damaged, retired, surplus or worn out equipment or assets or equipment, facilities or other assets that are no longer useful in the conduct of the business of the Issuer or the Restricted Subsidiaries and any transfer, termination, unwinding or other disposition of hedging instruments or arrangements not for speculative purposes;

(5) transactions permitted under "—*Certain Covenants—Merger and Consolidation*" or a transaction that constitutes a Change of Control;

(6) an issuance of Capital Stock by a Restricted Subsidiary to the Issuer or another Restricted Subsidiary or as part of or pursuant to an equity incentive or compensation plan approved or ratified by the Board of Directors of the Issuer or such Restricted Subsidiary or the issuance of directors' qualifying shares and shares issued to individuals as required by applicable law;

(7) any dispositions of Capital Stock, properties or assets in a single transaction or series of related transactions with a fair market value (as determined in good faith by the Issuer) not to exceed the greater of €10.0 million and 9% of Consolidated EBITDA;

(8) (a) any Restricted Payment which is permitted to be made, and is made, under the covenant described above under "—*Certain Covenants—Limitation on Restricted Payments*," (b) any Restricted Payment, Permitted Payment or Permitted Investment or (c) solely for purposes of the second paragraph under "—*Certain Covenants—Limitation on Sales of Assets and Subsidiary Stock*," asset sales, leases, transfers or other dispositions to the extent the proceeds thereof are used to make Restricted Payments, Permitted Payments or Permitted Investments;

(9) the granting of Liens not prohibited pursuant to the conditions described above under "—*Certain Covenants—Limitation on Liens*";

(10) dispositions of receivables in connection with the compromise, settlement or collection thereof in the ordinary course of business or in bankruptcy or similar proceedings and exclusive of factoring or similar arrangements or any sale of assets received by the Issuer or any Restricted Subsidiary upon the foreclosure of a Lien granted in favor of the Issuer or any Restricted Subsidiary;

(11) the licensing or sub-licensing of intellectual property or other general intangibles and licenses, sub-licenses, leases or subleases of other property, in each case, in the ordinary course of business;

(12) foreclosure, condemnation, taking by eminent domain or any similar action with respect to any property or other assets;

(13) the sale or discount (with or without recourse, and on customary or commercially reasonable terms) of Receivables or notes receivable arising in the ordinary course of business, or the conversion or exchange of Receivables for notes receivable;

(14) sales or dispositions of receivables in connection with (i) any Qualified Receivables Financing, (ii) any securitization, Receivables Financing or similar arrangement that would not be prohibited under clause (12)(b) under the second paragraph of "—*Certain Covenants—Limitation on Indebtedness*" or (iii) any factoring transaction or otherwise in the ordinary course of business;

(15) any issuance, sale or disposition of Capital Stock, Indebtedness or other securities of an Unrestricted Subsidiary;

(16) any disposition of Capital Stock of a Restricted Subsidiary pursuant to an agreement or other obligation with or to a Person (other than the Issuer or a Restricted Subsidiary) from whom such Restricted Subsidiary was acquired, or from whom such Restricted Subsidiary acquired its business and assets (having been newly formed in connection with such acquisition), made as part of such acquisition and in each case comprising all or a portion of the consideration in respect of such sale or acquisition;

(17) any surrender or waiver of contract rights or the settlement, release or surrender of contract, tort or other claims of any kind;

(18) any disposition of assets to a Person who is providing services related to such assets, the provision of which have been or are to be outsourced by the Issuer or any Restricted Subsidiary to such Person; *provided*, *however*, that the Board of Directors or an Officer of the Issuer shall determine in its good faith opinion that the outsourcing transaction will be economically beneficial to the Issuer or such Restricted Subsidiary (considered as a whole); *provided further* that the fair market value of the assets disposed of, when taken together with all other dispositions made pursuant to this clause (18), does not exceed €20.0 million;

(19) an issuance or sale by a Restricted Subsidiary of Preferred Stock or redeemable Capital Stock that would not be prohibited under "*Certain Covenants—Limitation on Indebtedness*";

(20) any disposition of Investments in joint ventures to the extent required by, or made pursuant to, customary buy/sell arrangements between the joint venture parties set forth in joint venture arrangements and similar binding agreements;

(21) any disposition with respect to property built, owned, improved or otherwise acquired by the Issuer or any Restricted Subsidiary pursuant to customary sale and lease back transactions, asset securitizations and other similar financings permitted by the Indenture;

(22) the unwinding of any Cash Management Services or Hedging Obligations; and

(23) any exchange of assets (including a combination of assets, cash and Cash Equivalents) for assets related to a Similar Business of comparable or greater market value or usefulness to the business of the Issuer and its Restricted Subsidiaries as a whole, as determined in good faith by the Issuer.

In the event that a transaction (or any portion thereof) meets the criteria of a permitted Asset Disposition and would also be a Permitted Investment or an Investment permitted under "*Certain Covenants—Limitation on Restricted Payments*," the Issuer, in its sole discretion, will be entitled to divide and classify such transaction (or such portion thereof) as an Asset Disposition and/or one of more of the types of Permitted Investments or Investments permitted under "*Certain Covenants—Limitation on Restricted Payments*."

"**Associate**" means (i) any Person engaged in a Similar Business of which the Issuer or one or more Restricted Subsidiaries is the legal and beneficial owner of between 20% and 50% of all outstanding Voting Stock and (ii) any joint venture entered into by the Issuer or any Restricted Subsidiary.

"**Board of Directors**" means with respect to (1) any corporation, the board of directors or managers or the sole director, as applicable, of the corporation, or any duly authorized committee thereof; (2) any partnership, the board of directors or other governing body of the general partner of the partnership or any duly authorized committee thereof; and (3) any other Person, the board or any duly authorized committee of such Person serving a similar function. Whenever any provision of the Indenture requires any action or determination to be made by, or any approval or ratification of, a Board of Directors, such action, determination or approval shall be deemed to have been taken or made if approved or ratified, as the case may be, by a majority of the directors (excluding employee representatives, if any) on any such Board of Directors (whether or not such action or approval or ratification is taken as part of a formal board meeting or as a formal board approval or ratification).

"**Bund Rate**" as selected by the Issuer, means the rate per annum equal to the yield to maturity at the time of computation of direct obligations of the Federal Republic of Germany (Bunds or Bundesanleihen) with a constant maturity (as officially compiled and published in the most recent financial statistics that has become publicly available at least two Business Days (but not more than five Business Days) prior to the redemption date (or, if such financial statistics are not so published or available, any publicly available source of similar market data selected in good faith by the Board of Directors of the Issuer)) most nearly equal to the period from the redemption date to September 15, 2026; *provided, however*, that if the period from the redemption date to September 15, 2026, is not equal to the constant maturity of a direct obligation of the Federal Republic of Germany for which a weekly average yield is given, the Bund Rate shall be obtained by linear interpolation (calculated to the nearest one-twelfth of a year) from the weekly average yields of direct obligations of the Federal Republic of Germany for which such yields are given, except that if the period from such redemption date to September 15, 2026, is less than one year, the weekly average yield on actually traded direct obligations of the Federal Republic of Germany adjusted to a constant maturity of one year shall be used; provided, further, that if such yield would otherwise be less than zero, it shall be deemed to be zero;

"**Business Day**" means each day that is not a Saturday, Sunday or other day on which banking institutions in Luxembourg, Milan, Italy, New York, New York or London, United Kingdom are authorized or required by law to close.

"**Capital Stock**" of any Person means any and all shares of, rights to purchase, warrants or options for, or other equivalents of or partnership or other interests in (however designated), equity of such Person, including any Preferred Stock, but excluding any debt securities convertible into such equity.

"**Cash Equivalents**" means:

(1) securities issued or directly and fully Guaranteed or insured by the United States or Canadian governments, a member state of the European Union, Norway, Switzerland, the United Kingdom or, in each case, any agency or instrumentality thereof (provided that the full faith and credit of such country or such member state is pledged in support thereof), having maturities of not more than two years from the date of acquisition;

(2) certificates of deposit, time deposits, money market deposits, eurodollar or other recognized time deposits, overnight bank deposits or bankers' acceptances having maturities of not more than one year from the date of acquisition thereof issued by any lender party to the Revolving Credit Facility or by any bank or trust company (a) whose commercial paper is rated at least "A-2" or the equivalent thereof (or has an equivalent long-term rating) by S&P or at least "P-2" or the equivalent thereof (or has an equivalent long-term rating) by Moody's or at least "F2" or the equivalent thereof (or has an equivalent long-term rating) by Fitch (or if at the time none of the foregoing is issuing comparable ratings, then a comparable rating of another Nationally Recognized Statistical Rating Organization) or (b) (in the event that the bank or trust company does not have commercial paper which is rated) having combined capital and surplus in excess of €250 million;

(3) repurchase obligations with a term of not more than 30 days for underlying securities of the types described in clauses (1) and (2) entered into with any bank meeting the qualifications specified in clause (2) above;

(4) commercial paper rated at the time of acquisition thereof at least "A-2" or the equivalent thereof by S&P, at least "P-2" or the equivalent thereof by Moody's or at least "F2" or the equivalent thereof by Fitch or carrying an equivalent rating by a Nationally Recognized Statistical Rating Organization if the three named Rating Agencies cease publishing ratings of investments or, if no rating is available in respect of the commercial paper, the issuer of which has an equivalent rating in respect of its long-term debt, and in any case maturing within one year after the date of acquisition thereof;

(5) readily marketable direct obligations issued by the United States of America, any state of the United States of America, Canada, any province of Canada, any member of the European Union, Norway, Switzerland, the United Kingdom or any political subdivision thereof, in each case, having one of the two highest rating categories obtainable from either Fitch, Moody's or S&P (or, if at the time, none of the foregoing is issuing comparable ratings, then a comparable rating of another Nationally Recognized Statistical Rating Organization) with maturities of not more than two years from the date of acquisition;

(6) Indebtedness or preferred stock issued by Persons with a rating of "BBB–" or higher from S&P or "Baa3" or higher from Moody's (or, if at the time, neither is issuing comparable ratings, then a comparable rating of another Nationally Recognized Statistical Rating Organization) with maturities of 12 months or less from the date of acquisition;

(7) bills of exchange issued in the United States, Canada, a member state of European Union, Norway, Switzerland, the United Kingdom or Japan eligible for rediscount at the relevant central bank and accepted by a bank (or any dematerialized equivalent);

(8) interests in any investment company, money market or enhanced high yield fund which invests 95% or more of its assets in instruments of the type specified in clauses (1) through (7) above

(9) with respect to a jurisdiction in which (a) the Issuer or a Restricted Subsidiary conducts its business or is organized and (b) it is not commercially practicable to make investments in clauses (1), (2) or (3) of this definition, demand or time deposit accounts, certificates of deposit, overnight or call deposits and money market deposits with any bank, trust company or similar entity in an amount not to exceed cash generated in or reasonably required for operation in such jurisdiction;

(10) other short-term investments utilized by Restricted Subsidiaries in accordance with normal investment practices for cash management; provided that such deposits do not exceed €5.0 million (or the Euro-Equivalent thereof) with any single bank or €20.0 million (or the Euro-Equivalent thereof) in the aggregate at any date of determination thereafter; and

(11) to the extent not included in clauses (1) through (10) above, the amount of "Current financial assets" reported in the table setting forth the composition of Total capitalization under the heading "*Capitalization*" of this Offering Memorandum and any other items of a similar nature.

"**Cash Management Services**" means any of the following: automated clearing house transactions, treasury, depository, credit or debit card, purchasing card, stored value card, electronic fund transfer services and/or cash management services, including controlled disbursement services, overdraft facilities, foreign exchange facilities, deposit and other accounts and merchant services or other cash management arrangements in the ordinary course of business or consistent with past practice.

"**Change of Control**" means the occurrence of any of the following:

(1) the Issuer becoming aware of (by way of a report or any other filing pursuant to Section 13(d) of the Exchange Act, proxy, vote, written notice or otherwise) any "person" or "group" of related persons (as such terms are used in Sections 13(d) and 14(d) of the Exchange Act as in effect on the Issue Date) is or becomes the "beneficial owner" (as defined in Rules 13d-3 and 13d-5 under the Exchange Act as in effect on the Issue Date), directly or indirectly, of more than 50% of the total voting power of the Voting Stock of the Issuer; or

(2) the sale, lease, transfer, conveyance or other disposition (other than by way of merger, consolidation or other business combination transaction), in one or a series of related transactions, of all or substantially all of the assets of the Issuer and its Restricted Subsidiaries (taken as a whole) to a Person, other than the Issuer or a Restricted Subsidiary.

Notwithstanding the foregoing, (a) a Person or group shall not be deemed to beneficially own Voting Stock subject to a stock or asset purchase agreement, merger agreement, option agreement, warrant agreement or similar agreement (or voting or option or similar agreement related thereto) until the consummation of the acquisition of the Voting Stock in connection with the transactions contemplated by such agreement, (b) a transaction will not be deemed to involve a Change of Control solely as a result of the Issuer becoming a direct or indirect wholly owned subsidiary of a holding company if (i) the direct or indirect holders of the Voting Stock of such holding company immediately following that transaction are substantially the same as the holders of the Issuer's Voting Stock immediately prior to that transaction, (ii) immediately following that transaction no Person (other than one or more holding companies satisfying the requirements of this sentence) is the beneficial owner, directly or indirectly, of more than 50% of the Voting Stock of the holding company or (iii) any special purpose acquisition company that acquires, directly or indirectly, substantially all of the Voting Stock of the Issuer or substantially all of the assets of the Issuer and its Restricted Subsidiaries (including, without limitation, through a merger, amalgamation or other similar business combination), such that the Voting Stock of the relevant special purpose acquisition company is beneficially owned by the same persons, pro rata, that owned the Voting Stock of the Issuer immediately prior to such acquisition or no "person" or "group" of related persons (as such terms are used in Sections 13(d) and 14(d) of the Exchange Act as in effect on the Issue Date) beneficially owns more than 50% of the Voting Stock of such special purpose acquisition company, and (c) the right to acquire Voting Stock (so long as such Person does not have the right to direct the voting of the Voting Stock subject to such right) or any veto power in connection with the acquisition or disposition of Voting Stock will not cause a party to be a beneficial owner.

"**Clearstream**" means Clearstream Banking, S.A., as currently in effect or any successor securities clearing agency.

"**Collateral**" means any and all assets from time to time in which a security interest has been or will be granted on the Issue Date or thereafter pursuant to any Security Document to secure the obligations under the Indenture, the Notes and/or any Notes Guarantee.

"**Commodity Hedging Agreement**" means, with respect to any Person, any commodity price protection agreement, commodity price future agreement, commodity price option agreement, any commodity swap agreement, commodity cap agreement, commodity collar agreement, commodity price option agreement or similar agreement or arrangements to which such Person is party or a beneficiary providing for the transfer or mitigation of commodity price risks either generally or under specific contingencies.

"**Consolidated Depreciation and Amortization Expense**" means, with respect to any Person for any period, the total amount of depreciation and amortization expense, including amortization or write-off of (i) intangibles and non-cash organization costs, (ii) deferred financing fees or costs and (iii) capitalized expenditures, lease obligations. customer acquisition costs and incentive payments, conversion costs and contract acquisition costs, the amortization of original issue discount resulting from the issuance of Indebtedness at less than par and amortization of favorable or unfavorable lease assets or liabilities, of such Person and its Subsidiaries that are

Restricted Subsidiaries for such period on a consolidated basis and otherwise determined in accordance with IFRS and any write down of assets or asset value carried on the balance sheet.

"**Consolidated EBITDA**" means, with respect to any Person for any period, the Consolidated Net Income of such Person for such period:

(1) increased (without duplication) by:

(a) provision for taxes based on income or profits, revenue or capital, including federal, state, provincial, territorial, local, foreign, unitary, excise, property, franchise and similar taxes and foreign withholding and similar taxes of such Person paid or accrued during such period, including any penalties and interest relating to any tax examinations (including any additions to such taxes, and any penalties and interest with respect thereto), deducted (and not added back) in computing Consolidated Net Income; *plus*

(b) Fixed Charges of such Person for such period (including (x) net losses on any Hedging Obligations or other derivative instruments entered into for the purpose of hedging interest rate, currency or commodities risk, (y) bank fees and (z) costs of surety bonds in connection with financing activities), plus amounts excluded from the definition of "Consolidated Interest Expense" pursuant to clauses (i) through (iii), in each case, to the extent the same were deducted (and not added back) in calculating such Consolidated Net Income; *plus*

(c) Consolidated Depreciation and Amortization Expense of such Person for such period to the extent the same were deducted (and not added back) in computing Consolidated Net Income; *plus*

(d) any (x) Transaction Expenses and (y) any fees, costs, expenses or charges (other than Consolidated Depreciation and Amortization Expense) related to any actual, proposed or contemplated Equity Offering (including any expense relating to enhanced accounting functions or other transactions costs associated with becoming a public company), Investment, acquisition, disposition, recapitalization or the Incurrence of Indebtedness permitted to be Incurred under the Indenture (including a refinancing thereof) (whether or not successful), in each case, including (i) such fees, expenses or charges (including rating agency fees and related expenses) related to the offering of the Notes, the Revolving Credit Facility, the offering of any other debt securities, any other Credit Facility and any Receivables Fees, and (ii) any amendment, waiver or other modification of the Notes, the Revolving Credit Facility, the Intercreditor Agreement, any Security Documents, factoring financings, securitizations, Receivables Financings or similar arrangements, any other Credit Facility, any other Indebtedness permitted to be Incurred under the Indenture or any Equity Offering, in each case, whether or not consummated, to the extent the same were deducted (and not added back) in computing Consolidated Net Income; *plus*

(e) (i) the amount of any restructuring charge, accrual or reserve (and adjustments to existing reserves), integration cost or other business optimization expense or cost (including charges directly related to the implementation of cost-savings initiatives) that is deducted (and not added back) in such period in computing Consolidated Net Income, including any one-time costs Incurred in connection with acquisitions or divestitures after the Issue Date, including those related to any severance, retention, signing bonuses, relocation, recruiting and other employee related costs, internal costs in respect of strategic initiatives and curtailments or modifications to pension and post-retirement employment benefit plans (including any settlement of pension liabilities), systems development and establishment costs, future lease commitments and costs related to the opening and closure and/or consolidation of facilities and to exiting lines of business and consulting fees Incurred with any of the foregoing and (ii) fees, costs and expenses associated with acquisition related litigation and settlements thereof; *plus*

(f) any other non-cash charges, write-downs, expenses, losses or items reducing Consolidated Net Income for such period including any impairment charges or the impact of purchase accounting; *provided* that if any such non-cash charge, write-down or item to the extent it represents an accrual or reserve for a cash expenditure for a future period then the cash payment in such future period shall be subtracted from Consolidated EBITDA when paid or other items classified by the Issuer as special items less other non-cash items of income increasing Consolidated Net

Income (excluding any such non-cash item of income to the extent it represents a receipt of cash in any future period); *plus*

(g) the amount of board of director fees, management, monitoring, advisory, consulting, refinancing, subsequent transaction, advisory and exit fees (including termination fees) and related indemnities and expenses paid or accrued in such period to any member of the Board of Directors of the Issuer, any Parent or any Affiliate of a Parent to the extent permitted under "—*Certain Covenants—Limitation on Affiliate Transactions*"; *plus*

(h) the "run rate" cost savings, operating expense reductions, restructuring charges and expenses and synergies that are expected (in good faith) to be realized as a result of actions taken or expected to be taken after the date of any acquisition (including the Transactions), disposition, divestiture, restructuring or the implementation of a cost savings or other similar initiative or related to information and technology system establishment, modernization or modification, operating improvement, procurement rationalization, modification or renegotiation of contracts or any other similar initiative (calculated on a *pro forma* basis as though such cost savings, operating expense reductions, restructuring charges and expenses and synergies had been realized from the first day of such period and during the entirety of such period), net of the amount of actual benefits realized during such period from such actions (which adjustments, without double counting, may be incremental to *pro forma* adjustments made pursuant to the definition of "Fixed Charge Coverage Ratio"); *provided* that (i) such actions are expected to be taken (in the good faith determination of the Issuer) within 18 months after the consummation of the acquisition, disposition, restructuring or the implementation of an initiative, as applicable, which is expected to result in cost savings, operating expense reductions, synergies, losses, charges, expenses or negative EBITDA contribution; (ii) the aggregate amount added back pursuant to this clause (h) for the period for which Consolidated EBITDA is being determined shall not exceed 20.0% of the Consolidated EBITDA for such period (calculated after giving full effect to the *pro forma* adjustments set forth in this clause (h)); and (iii) that no cost savings, operating expense reductions, synergies, losses, charges, expenses or negative EBITDA contribution shall be added (or removed, as applicable) pursuant to this defined term to the extent duplicative of any expenses or charges otherwise added to Consolidated EBITDA, whether through a *pro forma* adjustment or otherwise, for such period; *plus*

(i) the amount of loss or discount on sale of Receivables Assets and related assets to a Receivables Subsidiary in connection with a factoring financing, securitization, Receivables Financing or similar arrangement; *plus*

(j) any costs or expense Incurred by the Issuer or a Restricted Subsidiary pursuant to any management equity plan or stock option plan or any other management or employee benefit plan or agreement, any severance agreement or any stock subscription or shareholder agreement, to the extent that such cost or expenses are funded with cash proceeds contributed to the capital of the Issuer or Net Cash Proceeds of an issuance of Capital Stock (other than Disqualified Stock) of the Issuer solely to the extent that such Net Cash Proceeds are excluded from the calculation set forth in clause (c) of the second paragraph under "—*Certain Covenants—Limitation on Restricted Payments*"; *plus*

(k) cash receipts (or any netting arrangements resulting in reduced cash expenditures) not representing Consolidated EBITDA or Consolidated Net Income in any period to the extent non-cash gains relating to such income were deducted in the calculation of Consolidated EBITDA pursuant to clause (2) below for any previous period and not added back; *plus*

(l) any net loss included in the Consolidated Net Income attributable to non-controlling interests; *plus*

(m) realized foreign exchange losses resulting from the impact of foreign currency changes on the valuation of assets or liabilities on the balance sheet of the Issuer and the Restricted Subsidiaries; *plus*

(n) net realized losses from Hedging Obligations or embedded derivatives; *plus*

(o) the amount of any minority interest expense consisting of Subsidiary income attributable to minority equity interests of third parties in any non-wholly owned Subsidiary, and any costs and expenses (including all legal, accounting and other professional fees and expenses) related thereto; *plus*

(p) with respect to any joint venture, an amount equal to the proportion of those items described in clauses (a) and (c) above relating to such joint venture corresponding to the Issuer's and the Restricted Subsidiaries' proportionate share of such joint venture's Consolidated Net Income (determined as if such joint venture were a Restricted Subsidiary) to the extent the same was deducted (and not added back) in calculating Consolidated Net Income; *plus*

(q) earn-out and contingent consideration obligations (including to the extent accounted for as bonuses or otherwise) and adjustments thereof and purchase price adjustments; *plus*

(r) any net pension or other post-employment benefit costs representing amortization of unrecognized prior service costs, actuarial losses, including amortization of such amounts arising in prior periods, amortization of the unrecognized net obligation (and loss or cost), and any other items of a similar nature; *plus*

(s) the amount of expenses relating to payments made to option holders of the Issuer or any Parent in connection with, or as a result of, any distribution being made to equityholders of such Person or its Parents, which payments are being made to compensate such option holders as though they were equityholders at the time of, and entitled to share in, such distribution, in each case to the extent permitted under the Indenture; *plus*

(t) to the extent not already otherwise included herein, adjustments and add-backs made in calculating "Normalized Adjusted EBITDA" for the twelve months ended September 30, 2024, included in the Offering Memorandum; *plus*

(u) earn out obligations Incurred in connection with any permitted acquisition or other Investment permitted under the Indenture and paid or accrued during such period; *plus*

(v) the amount of any losses, restructuring charges or reserves, start-up or initial costs for any project or new production line, division or new business line or other business optimization expenses or reserves, including, without limitation, costs or reserves associated with legal or financial advisor costs; and

(2) decreased (without duplication) by non-cash gains increasing Consolidated Net Income of such Person for such period, excluding any non-cash gains to the extent they represent the reversal of an accrual or reserve for a potential cash item that reduced Consolidated EBITDA in any prior period.

For purposes of calculating Consolidated EBITDA for the purpose of any basket or ratio under the Indenture, Consolidated EBITDA shall be the Consolidated EBITDA of the Issuer measured for the period of the most recently completed four full consecutive fiscal quarters ending prior to the date of such determination for which internal consolidated financial statements of the Issuer are available, in each case with such *pro forma* adjustments giving effect to such Indebtedness, acquisition or Investment, as applicable, since the start of such four fiscal quarters and as are consistent with the pro forma adjustments set forth in the definition of "Fixed Charge Coverage Ratio."

"**Consolidated Interest Expense**" means, for any Person for any period (in each case, determined on the basis of IFRS), the consolidated net interest income (expense) of such Person and its Restricted Subsidiaries, whether paid or accrued, to the extent such expense was deducted (and not added back) in computing Consolidated Net Income (as applicable), *plus* (without duplication) any interest, costs and charges consisting of:

(1) interest expense attributable to Lease Obligations;

(2) amortization of original issue discount (but not including deferred financing fees, debt issuance costs, commissions, fees and expenses) and any other consideration given by the Issuer or the Restricted Subsidiaries during the relevant period, and relating to that period, in connection with any acceptance credit, bill discounting debt factoring or other similar arrangement;

(3) non-cash interest expense, excluding, for the avoidance of doubt, any interest expense relating to the put option granted in favor of the minority shareholder of Rekeep Polska and Rekeep France and any other similar put option arrangement;

(4) costs associated with Hedging Obligations (excluding amortization of fees or any non-cash interest expense attributable to the movement in mark-to-market valuation of such obligations);

(5) the product of (a) all dividends or other distributions in respect of all Disqualified Stock of such Person and all Preferred Stock of any Restricted Subsidiary of such Person, to the extent held by Persons other than such Person or a Restricted Subsidiary of such Person, *multiplied by* (b) a fraction, the numerator of which is one and the denominator of which is one *minus* the then current combined national, state and local statutory tax rate of such Person, expressed as a decimal, as estimated in good faith by the Issuer;

(6) interest capitalized in the relevant period and not recorded as interest expense in such period; and

(7) cash interest actually paid by such Person under any Guarantee of Indebtedness or other obligation of any other Person,

minus (i) accretion or accrual of discounted liabilities other than Indebtedness, (ii) any expense resulting from the discounting of any Indebtedness in connection with the application of purchase accounting in connection with any acquisition and depreciation charges in respect of interest capitalized in a period following the Issue Date, (iii) interest with respect to Indebtedness of any Holding Company of such Person appearing upon the balance sheet of such Person solely by reason of push-down accounting under IFRS and (iv) any Additional Amounts with respect to the Notes or other similar tax gross-up on any Indebtedness, which is included in interest expense under IFRS.

Notwithstanding any of the foregoing, Consolidated Interest Expense shall not include (i) any interest accrued, capitalized or paid in respect of Subordinated Shareholder Funding, (ii) any commissions, discounts, yield and other fees and charges related to Qualified Receivables Financings, (iii) any interest accrued, capitalized or paid in respect of any proceeds loan, to the extent that interest on a Guarantee of Indebtedness of a Parent to which such proceeds loan relates is included in Consolidated Interest Expense pursuant to clause (7) above for the same period.

"**Consolidated Net Income**" means, with respect to any Person for any period, the net income (loss) of such Person and its Subsidiaries that are Restricted Subsidiaries for such period determined on a consolidated basis on the basis of IFRS after any reduction in respect of Preferred Stock dividends; *provided*, *however*, that there will not be included in such Consolidated Net Income:

(1) any net income (loss) of any Person if such Person is not a Restricted Subsidiary (including any net income (loss) from Investments recorded in such Person under the equity method of accounting), except that the Issuer's equity in the net income of any such Person for such period will be included in such Consolidated Net Income up to the aggregate amount of cash or Cash Equivalents actually distributed or that (as reasonably determined by an Officer of the Issuer) could have been distributed by such Person during such period to the Issuer or a Restricted Subsidiary as a dividend or other distribution or return on investment (subject, in the case of a dividend or other distribution or return on investment to a Restricted Subsidiary, to the limitations contained in clause (2) below); *provided that*, for the purposes of clause (c) of the second paragraph of the covenant described under "*Certain Covenants—Limitation on Restricted Payments,*" such dividend, other distribution or return on investment does not reduce the amount of Investments outstanding under the definition of "Permitted Investments";

(2) solely for the purpose of determining the amount available for Restricted Payments under clause (c)(i) of the second paragraph of the covenant described under "*—Certain Covenants—Limitation on Restricted Payments*," any net income (loss) of any Restricted Subsidiary (other than the Guarantors) if such Subsidiary is subject to restrictions, directly or indirectly, on the payment of dividends or the making of distributions by such Restricted Subsidiary, directly or indirectly, to the Issuer or a Guarantor by operation of the terms of such Restricted Subsidiary's articles, charter or any agreement, instrument, judgment, decree, order, statute or governmental rule or regulation applicable to such Restricted Subsidiary or its shareholders (other than (a) restrictions that have been waived or otherwise released, (b) restrictions pursuant to the Revolving Credit Facility, the Intercreditor Agreement, any Additional Intercreditor Agreement, the Notes or the Indenture, and (c) restrictions specified in clause (11)(b) of the second paragraph of the covenant described under "*—Certain Covenants—Limitation on Restrictions on*

Distributions from Restricted Subsidiaries") except that the Issuer's equity in the net income of any such Restricted Subsidiary for such period will be included in such Consolidated Net Income up to the aggregate amount of cash or Cash Equivalents actually distributed or that could have been distributed by such Restricted Subsidiary during such period to the Issuer or another Restricted Subsidiary as a dividend or other distribution (subject, in the case of a dividend to another Restricted Subsidiary, to the limitation contained in this clause);

(3) any gain (or loss), together with any related provisions for taxes on any such gain (or the tax effect of any such loss), realized upon the sale or other disposition of any asset (including pursuant to any Sale and Leaseback Transaction) or disposed or discontinued operations of the Issuer or any Restricted Subsidiaries which is not sold or otherwise disposed of in the ordinary course of business (as determined in good faith by the Issuer);

(4) any extraordinary, one-off, exceptional, unusual or nonrecurring gain, loss, charge or expense, including Transaction Expenses or any charges, expenses or reserves in respect of any restructuring, redundancy or severance expense or relocation costs, one-time compensation charges, integration and facilities' opening costs and other business optimization expenses and operating improvements (including related to new product introductions), systems development and establishment costs, accruals or reserves (including restructuring and integration costs related to acquisitions after the Issue Date and adjustments to existing reserves), whether or not classified as restructuring expense on the consolidated financial statements, signing costs, retention or completion bonuses, transition costs, costs, provisions, charges, fines, penalties or other expenses related to litigation, governmental or other investigations or owed or paid to governments, regulators or other authorities pursuant to court orders, judgments or other decisions, costs related to closure, consolidation or disruption of facilities, losses arising from natural disasters, internal costs in respect of strategic initiatives and curtailments or modifications to pension and post-retirement employee benefit plans (including any settlement of pension liabilities), contract terminations and professional and consulting fees Incurred with any of the foregoing;

(5) the cumulative effect of a change in law, regulation or accounting principles at any time following the Issue Date;

(6) any (i) non-cash compensation charge or expense arising from any grant of stock, stock options or other equity based awards and any non-cash deemed finance charges in respect of any pension liabilities or other provisions or on the revaluation of any benefit plan obligation and (ii) income (loss) attributable to deferred compensation plans or trusts;

(7) all deferred financing costs written off and premiums paid or other expenses Incurred directly in connection with any early extinguishment of Indebtedness and any net gain (loss) from any write-off or forgiveness of Indebtedness;

(8) any unrealized gains or losses in respect of any Hedging Obligations or other financial instruments or any ineffectiveness recognized in earnings related to qualifying hedge transactions or the fair value of changes therein recognized in earnings for derivatives that do not qualify as hedge transactions, in each case, in respect of any Hedging Obligations;

(9) any fees and expenses (including any transaction or retention bonus or similar payment) Incurred during such period, or any amortization thereof for such period, in connection with any acquisition, Investment, disposition of assets or securities, issuance or repayment of Indebtedness, issuance of Capital Stock, refinancing transaction or amendment or modification of any debt instrument (in each case, including any such transaction consummated prior to the Issue Date and any such transaction undertaken but not completed) and any charges or non-recurring merger costs Incurred during such period as a result of any such transaction, in each case whether or not successful;

(10) any unrealized foreign currency transaction gains or losses in respect of Indebtedness of any Person denominated in a currency other than the functional currency of such Person, and any unrealized foreign currency transaction gains or losses in respect of Indebtedness or other obligations of the Issuer or any Restricted Subsidiary owing to the Issuer or any Restricted Subsidiary and any unrealized foreign exchange gains or losses relating to translation of assets and liabilities denominated in foreign currencies;

(11) any unrealized or realized gain or loss due solely to fluctuations in currency values and the related tax effects, determined in accordance with IFRS;

(12) any recapitalization accounting or purchase accounting effects, including, but not limited to, adjustments to inventory, property and equipment, software and other intangible assets and deferred revenue in component amounts required or permitted by IFRS and related authoritative pronouncements (including the effects of such adjustments pushed down to the Issuer and the Restricted Subsidiaries), as a result of any consummated acquisition (including in connection with the Transactions), or the amortization or write-off of any amounts thereof (including any write-off of in process research and development);

(13) any impairment charge, write-off or write-down, including impairment charges, write-offs or write-downs related to intangible assets, long-lived assets, goodwill, investments in debt or equity securities (including any losses with respect to the foregoing in bankruptcy, insolvency or similar proceedings) and the amortization of intangibles arising pursuant to IFRS;

(14) any effect of income (loss) from the early extinguishment or cancellation of Indebtedness or any Hedging Obligations or other derivative instruments;

(15) accruals and reserves that are established or adjusted (including any adjustment of estimated payouts on existing earn-outs) that are so required to be established as a result of the Transactions in accordance with IFRS, or changes as a result of adoption or modification of accounting policies;

(16) any costs associated with the Transactions;

(17) any non-cash expenses, accruals or reserves related to adjustments to historical tax exposures and any deferred tax expense associated with tax deductions or net operating losses arising as a result of the Transactions, or the release of any valuation allowances related to such item;

(18) any (i) payments to third parties in respect of research and development, including amounts paid upon signing, success, completion and other milestones and other progress payments, to the extent expensed and (ii) effects of adjustments to accruals and reserves during a period relating to any change in the methodology of calculating reserves for returns, rebates and other chargebacks (including government program rebates);

(19) any net gain (or loss) from disposed, abandoned or discontinued operations and any net gain (or loss) on disposal of disposed, discontinued or abandoned operations; and

(20) the impact of capitalized, accrued or accreting or pay-in-kind interest or principal, including in respect of Subordinated Shareholder Funding.

In addition, to the extent not already included in the Consolidated Net Income of such Person and its Subsidiaries that are Restricted Subsidiaries, notwithstanding anything to the contrary in the foregoing, Consolidated Net Income shall include (i) any expenses and charges that are reimbursed by indemnification or other reimbursement provisions in connection with any investment or any sale, conveyance, transfer or other disposition of assets permitted under the Indenture, or, so long as the Issuer has made a determination that there exists reasonable evidence that such amount will in fact be reimbursed and only to the extent that such amount is (A) not denied by the applicable payor in writing within 180 days and (B) in fact reimbursed within 365 days of the date of such evidence (with a deduction for any amount so added back to the extent not so reimbursed within 365 days) and (ii) to the extent covered by insurance (including business interruption insurance) and actually reimbursed, or, so long as the Issuer has made a determination that there exists reasonable evidence that such amount will in fact be reimbursed by the insurer and only to the extent that such amount is (A) not denied by the applicable carrier in writing within 180 days and (B) in fact reimbursed within 365 days of the date of such evidence (with a deduction for any amount so added back to the extent not so reimbursed within 365 days), expenses with respect to liability or casualty events or business interruption.

"**Consolidated Net Leverage**" means, without double-counting, the sum of the aggregate outstanding Indebtedness and the Reserved Indebtedness Amount of the Issuer on a consolidated basis (excluding (x) Hedging Obligations entered into not for speculative purposes (as determined in good faith by the Issuer) and (y) Indebtedness with respect to Cash Management Services), less the sum (which shall in no case be less than zero) of the aggregate amount of cash and Cash Equivalents that would be stated on the consolidated balance sheet of the Issuer as of such date in accordance with IFRS.

"**Consolidated Net Leverage Ratio**" means, as of any date of determination, the ratio of (x) Consolidated Net Leverage at such date to (y) the Consolidated EBITDA of the Issuer; *provided*, *however*, that (other than for the purposes of calculating the Consolidated Net Leverage Ratio in clause (10)(ii) of Permitted Payments), the *pro*

forma calculation shall not give effect to (i) any Indebtedness Incurred on such determination date pursuant to the provisions described in the second paragraph under "*—Certain Covenants—Limitation on Indebtedness*" (other than Indebtedness Incurred pursuant to clauses (5)(II) of the second paragraph of the covenant described under "*—Certain Covenants—Limitation on Indebtedness*") or (ii) the discharge on such determination date of any Indebtedness to the extent that such discharge results from the proceeds Incurred pursuant to the provisions described in the second paragraph of the covenant described under "*—Certain Covenants—Limitation on Indebtedness*" (other than the discharge of Indebtedness using proceeds of Indebtedness Incurred pursuant to clause (5)(II) of the second paragraph of the covenant described under "*—Certain Covenants—Limitation on Indebtedness*"). When calculating Consolidated Net Leverage Ratio, pro forma adjustments and other calculations mechanics may be taken into account in the manner set forth in the definition of "Fixed Charge Coverage Ratio" and in accordance with the provisions under "*—Financial Calculations in Respect of Transactions*," as applicable.

"**Consolidated Senior Secured Net Leverage Ratio**" means the Consolidated Net Leverage Ratio, but calculated by excluding all Indebtedness other than Senior Secured Indebtedness and the Reserved Indebtedness Amount (to the extent that, upon Incurrence, such Reserved Indebtedness Amount would constitute Senior Secured Indebtedness).

"**Contingent Obligations**" means, with respect to any Person, any obligation of such Person guaranteeing in any manner, whether directly or indirectly, any operating lease, dividend or other obligation that does not constitute Indebtedness ("**primary obligations**") of any other Person (the "**primary obligor**"), including any obligation of such Person, whether or not contingent:

(1) to purchase any such primary obligation or any property constituting direct or indirect security therefor;

(2) to advance or supply funds:

(a) for the purchase or payment of any such primary obligation; or

(b) to maintain the working capital or equity capital of the primary obligor or otherwise to maintain the net worth or solvency of the primary obligor; or

(3) to purchase property, securities or services primarily for the purpose of assuring the owner of any such primary obligation of the ability of the primary obligor to make payment of such primary obligation against loss in respect thereof.

"**Credit Facility**" means, with respect to the Issuer or any Restricted Subsidiary, one or more debt facilities, arrangements, instruments, trust deeds or indentures (including the Revolving Credit Facility Agreement or commercial paper facilities and overdraft facilities) with banks, institutions or investors providing for revolving credit loans, performance guarantees, term loans, receivables financing (including through the sale of receivables to such institutions or to special purpose entities formed to borrow from such institutions against such receivables), notes, letters of credit or other Indebtedness, in each case, as amended, restated, modified, renewed, refunded, replaced, restructured, refinanced, repaid, increased or extended in whole or in part from time to time (and whether in whole or in part and whether or not with the original administrative agent and lenders or another administrative agent or agents or other banks, institutions or investors and whether provided under the original Revolving Credit Facility or one or more other credit or other agreements, indentures, financing agreements or otherwise) and in each case including all agreements, instruments and documents executed and delivered pursuant to or in connection with the foregoing (including any notes and letters of credit issued pursuant thereto and any Guarantee and collateral agreement, patent and trademark security agreement, mortgages or letter of credit applications and other Guarantees, pledges, agreements, security agreements and collateral documents). Without limiting the generality of the foregoing, the term "Credit Facility" shall include any agreement or instrument (1) changing the maturity of any Indebtedness Incurred thereunder or contemplated thereby, (2) adding Subsidiaries of the Issuer as additional borrowers or guarantors thereunder, (3) increasing the amount of Indebtedness Incurred thereunder or available to be borrowed thereunder or (4) otherwise altering the terms and conditions thereof.

"**Currency Agreement**" means, in respect of a Person, any foreign exchange contract, currency swap agreement, currency futures contract, currency option contract, currency derivative or other similar agreement or arrangement to which such Person is a party or beneficiary.

"**Default**" means any event which is, or after notice or passage of time or both would be, an Event of Default.

"**Designated Non-Cash Consideration**" means the fair market value (as determined in good faith by the Board of Directors or a member of senior management of the Issuer) of non-cash consideration received by the Issuer or one or more Restricted Subsidiaries in connection with an Asset Disposition that is so designated as Designated Non-Cash Consideration pursuant to an Officer's Certificate, setting forth the basis of such valuation, less the amount of cash, Cash Equivalents or Temporary Cash Investments received in connection with a subsequent payment, redemption, retirement, sale or other disposition of such Designated Non-Cash Consideration. A particular item of Designated Non-Cash Consideration will no longer be considered to be outstanding when and to the extent it has been paid, redeemed or otherwise retired or sold or otherwise disposed of in compliance with the conditions described under "*—Certain Covenants—Limitation on Sales of Assets and Subsidiary Stock*."

"**Designated Preference Shares**" means, with respect to the Issuer or any Parent, Preferred Stock (other than Disqualified Stock) (a) that is issued for cash (other than to the Issuer or a Subsidiary of the Issuer or an employee stock ownership plan or trust established by the Issuer or any such Subsidiary for the benefit of their employees to the extent funded by the Issuer or such Subsidiary) and (b) that is designated as "Designated Preference Shares" pursuant to an Officer's Certificate of the Issuer at or prior to the issuance thereof, the Net Cash Proceeds of which are excluded from the calculation set forth in clause (c)(ii) and (c)(iii) of the second paragraph of covenant described under "*—Certain Covenants—Limitation on Restricted Payments*."

"**Disqualified Stock**" means any Capital Stock that, by its terms (or by the terms of any security into which it is convertible or for which it is exchangeable, in each case, at the option of the holder of the Capital Stock), or upon the happening of any event, matures or is mandatorily redeemable, pursuant to a sinking fund obligation or otherwise, or redeemable at the option of the holder of the Capital Stock, in whole or in part, in each case on or prior to the date that is 90 days after the earlier of (a) the Stated Maturity of the Notes or (b) the date on which there are no Notes outstanding. Notwithstanding the preceding sentence, any Capital Stock that would constitute Disqualified Stock solely because the holders of the Capital Stock have the right to require the issuer thereof to repurchase such Capital Stock upon the occurrence of a Change of Control or an Asset Disposition will not constitute Disqualified Stock if the terms of such Capital Stock provide that the issuer thereof may not repurchase or redeem any such Capital Stock pursuant to such provisions unless such repurchase or redemption would not be prohibited under "*—Certain Covenants—Limitation on Restricted Payments*." For purposes hereof, the amount of Disqualified Stock which does not have a fixed repurchase price shall be calculated in accordance with the terms of such Disqualified Stock as if such Disqualified Stock were purchased on any date on which Indebtedness shall be required to be determined pursuant to the Indenture, and if such price is based upon, or measured by, the fair market value of such Disqualified Stock, such fair market value to be determined as set forth herein. Only the portion of Capital Stock which so matures or is mandatorily redeemable, is so convertible or exchangeable or is so redeemable at the option of the holder thereof prior to such date will be deemed to be Disqualified Stock.

"**Equity Offering**" means (x) a sale of Capital Stock of a Parent, the Issuer or a Restricted Subsidiary (other than to the Issuer or any Restricted Subsidiaries) (other than Disqualified Stock and other than offerings registered on Form S-8 (or any successor form) under the Securities Act or any similar offering in other jurisdictions), or (y) the sale of Capital Stock by any Person, in each case the proceeds of which are contributed as Subordinated Shareholder Funding or to the equity (other than through the issuance of Disqualified Stock or Designated Preference Shares or through Excluded Contributions or Parent Debt Contributions) of the Issuer or any of the Restricted Subsidiaries.

"**Escrowed Proceeds**" means the proceeds from the offering of any debt securities or other Indebtedness paid into escrow accounts with an independent escrow agent on the date of the applicable offering or Incurrence pursuant to escrow arrangements that permit the release of amounts on deposit in such escrow accounts upon satisfaction of certain conditions or the occurrence of certain events. The term "Escrowed Proceeds" shall include any interest earned on the amounts held in escrow.

"**Euroclear**" means Euroclear Bank SA/NV or any successor securities clearing agency.

"**European Government Obligations**" means any security denominated in euro that is (1) a direct obligation of any country that is a member of the European Monetary Union and whose long-term debt is rated "A-1" or higher by Moody's or "A+" or higher by S&P or the equivalent rating category of another Nationally Recognized Statistical Rating Organization on the Issue Date, for the payment of which the full faith and credit of such country is pledged or (2) an obligation of a person controlled or supervised by and acting as an agency or instrumentality of any such country the payment of which is unconditionally Guaranteed as a full faith and credit obligation by such country, which, in either case under the preceding clause (1) or (2), is not callable or redeemable at the option of the issuer thereof.

“**European Union**” means all members of the European Union as of the Issue Date.

“**Exchange Act**” means the U.S. Securities Exchange Act of 1934, as amended, and the rules and regulations of the SEC promulgated thereunder, as amended.

“**Excluded Contribution**” means Net Cash Proceeds or property or assets received by the Issuer as capital contributions to the equity (other than through the issuance of Disqualified Stock or Designated Preference Shares or Parent Debt Contributions) of the Issuer after the Issue Date or from the issuance or sale (other than to a Restricted Subsidiary or an employee stock ownership plan or trust established by the Issuer or any Subsidiary of the Issuer for the benefit of its employees to the extent funded by the Issuer or any Restricted Subsidiary) of Capital Stock (other than Disqualified Stock or Designated Preference Shares) or Subordinated Shareholder Funding of the Issuer, in each case, to the extent designated as an Excluded Contribution pursuant to an Officer’s Certificate of the Issuer.

“**fair market value**” wherever such term is used in this “*Description of the Notes*” or the Indenture (except in relation to an enforcement action pursuant to the Intercreditor Agreement and except as otherwise specifically provided in this “*Description of the Notes*” or the Indenture), may be conclusively established by means of an Officer’s Certificate or a resolution of the Board of Directors of the Issuer setting out such fair market value as determined by such Officer or such Board of Directors in good faith.

“**Fitch**” means Fitch Ratings Inc., or any of its successors or assigns that is a Nationally Recognized Statistical Rating Organization.

“**Fixed Charge Coverage Ratio**” means, with respect to any Person on any determination date, the ratio of Consolidated EBITDA of such Person to the Fixed Charges of such Person for the most recently-completed four full consecutive fiscal quarters ending immediately prior to such determination date for which internal consolidated financial statements are available (the “reference period”). In the event that the Issuer or any Restricted Subsidiary Incurs, assumes, Guarantees, repays, repurchase, redeems, defeases, retires, extinguishes or otherwise discharges any Indebtedness (other than Indebtedness Incurred under any revolving credit facility unless such Indebtedness has been permanently repaid and has not been replaced) or has caused any Reserved Indebtedness Amount to be deemed to be Incurred or issues or redeems Disqualified Stock or Preferred Stock, in each case subsequent to the commencement of the reference period but prior to or simultaneously with the event for which the calculation of the Fixed Charge Coverage Ratio is made (the “**Fixed Charge Coverage Ratio Calculation Date**”), then the Fixed Charge Coverage Ratio shall be calculated giving *pro forma* effect to such Incurrence, deemed Incurrence, assumption, Guarantee, redemption, defeasance, retirement, extinguishment or other discharge of Indebtedness, or such issuance or redemption of Disqualified Stock or Preferred Stock, as if the same had occurred at the beginning of the applicable reference period; *provided*, *however*, that the *pro forma* calculation shall not give effect to: (i) any Fixed Charges attributable to Indebtedness Incurred on the Fixed Charge Coverage Ratio Calculation Date pursuant to the provisions described in the second paragraph under “*—Certain Covenants—Limitation on Indebtedness*” (other than Fixed Charges attributable to Indebtedness Incurred pursuant to clause (5)(II) of the second paragraph thereof) or (ii) Fixed Charges attributable to any Indebtedness discharged on such Fixed Charge Coverage Ratio Calculation Date to the extent that such discharge results from the proceeds Incurred pursuant to the provisions described under the second paragraph under “*—Certain Covenants—Limitation on Indebtedness*” (other than Fixed Charges attributable to Indebtedness discharged on such Fixed Charge Coverage Ratio Calculation Date using proceeds of Indebtedness Incurred pursuant to clause (5)(II) of the second paragraph of the covenant described under “*—Certain Covenants—Limitation on Indebtedness*”).

For purposes of making the computation referred to above, any Investments, acquisitions, dispositions, mergers, amalgamations, consolidations, or disposed or discontinued operations that have been made by the Issuer or any of the Restricted Subsidiaries (by merger or otherwise), during the reference period or subsequent to the reference period and on or prior to or simultaneously with the Fixed Charge Coverage Ratio Calculation Date shall be calculated on a pro forma basis assuming that all such Investments, acquisitions, dispositions, mergers, amalgamations, consolidations and disposed or discontinued operations (and the change in any associated fixed charge obligations and the change in Consolidated EBITDA resulting therefrom) had occurred on the first day of the reference period. If since the beginning of such period any Person that subsequently became a Restricted Subsidiary or was merged or amalgamated with or into the Issuer or any of the Restricted Subsidiaries since the beginning of such period shall have made any Investment, acquisition, disposition, merger, amalgamation, consolidation or disposed or discontinued operation that would have required adjustment pursuant to this definition, then the Fixed Charge Coverage Ratio shall be calculated giving pro forma effect thereto for such period as if such Investment, acquisition, disposition, merger, amalgamation, consolidation or disposed operation had occurred at the beginning of the reference period.

For purposes of this definition, whenever *pro forma* effect is to be given to a transaction, the *pro forma* calculations shall be made in good faith by a responsible financial or chief accounting officer of the Issuer (and may include cost savings and synergies to the extent permitted in the definition of "Consolidated EBITDA"). If any Indebtedness bears a floating rate of interest and is being given *pro forma* effect, the interest on such Indebtedness shall be calculated as if the rate in effect on the Fixed Charge Coverage Ratio Calculation Date had been the applicable rate for the entire reference period (taking into account any Hedging Obligations applicable to such Indebtedness). Interest on a Lease Obligation shall be deemed to accrue at an interest rate reasonably determined by a responsible financial or accounting officer of the Issuer to be the rate of interest implicit in such Lease Obligation in accordance with IFRS. For purposes of making the computation referred to above, interest on any Indebtedness under a revolving credit facility computed on a pro forma basis shall be computed based upon the average daily balance of such Indebtedness during the reference period except as set forth in the first paragraph of this definition. Interest on Indebtedness that may optionally be determined at an interest rate based upon a factor of a prime or similar rate, a eurocurrency interbank offered rate, or other rate, shall be determined to have been based upon the rate actually chosen, or if none, then based upon such optional rate chosen as the Issuer may designate. When calculating the Fixed Charge Coverage Ratio, pro forma adjustments and other calculations mechanics may be taken into account in the manner set forth under "*—Financial Calculations in Respect of Transactions*," as applicable.

"**Fixed Charges**" means, with respect to any specified Person for any period, the sum, without duplication, of:

(1) the Consolidated Interest Expense of such Person for such period; *plus*

(2) all dividends, whether paid or accrued and whether or not in cash, on or in respect of all Disqualified Stock of the Issuer or any series of Preferred Stock of any Restricted Subsidiary, other than dividends on Disqualified Stock or Preferred Stock payable to the Issuer or a Restricted Subsidiary; *plus*

(3) Fixed Charges that would have arisen from the Reserved Indebtedness Amount had such Reserved Indebtedness Amount been incurred as of the date of its classification as a Reserved Indebtedness Amount.

"**Guarantee**" means any guarantee (including any Notes Guarantee) or obligation, contingent or otherwise, of any Person directly or indirectly guaranteeing any Indebtedness of any other Person, including any such obligation, direct or indirect, contingent or otherwise, of such Person:

(1) to purchase or pay (or advance or supply funds for the purchase or payment of) such Indebtedness of such other Person (whether arising by virtue of partnership arrangements, or by agreements to keep-well, to purchase assets, goods, securities or services, to take-or-pay or to maintain financial statement conditions or otherwise); or

(2) entered into primarily for purposes of assuring in any other manner the obligee of such Indebtedness of the payment thereof or to protect such obligee against loss in respect thereof (in whole or in part),

provided, *however*, that the term "**Guarantee**" will not include endorsements for collection or deposit in the ordinary course of business. The term "**Guarantee**" used as a verb has a corresponding meaning.

"**Guarantor**" means any Person that Guarantees the Notes once such Guarantees have been issued in accordance with the Indenture and/or one or more supplemental indentures.

"**Hedging Obligations**" of any Person means the obligations of such Person pursuant to any Interest Rate Agreement, Currency Agreement or Commodity Hedging Agreement.

"**Holder**" means each Person in whose name the Notes are registered on the Registrar's books, which shall initially be the respective nominee of Euroclear or Clearstream, as applicable.

"**Holding Company**" means, in relation to any Person, any other Person in respect of which it is a Subsidiary.

"**IFRS**" means the International Financial Reporting Standards promulgated by the International Accounting Standards Board or any successor board or agency as endorsed by the European Union and in effect on the Issue Date, or, with respect to the covenant described under the caption "*—Certain Covenants—Reports*," as in effect from time to time or any variation thereof with which the Issuer or its Restricted Subsidiaries are, or may be, required to comply. At any date after the Issue Date, the Issuer may make an irrevocable election to establish that

"IFRS" shall mean IFRS (taken as a whole) as in effect on a date that is after the Issue Date and on or prior to the date of such election.

"**Incur**" means issue, create, assume, enter into any Guarantee of, incur or otherwise become liable for; *provided*, *however*, that any Indebtedness or Capital Stock of a Person existing at the time such Person becomes a Restricted Subsidiary (whether by merger, consolidation, acquisition or otherwise) will be deemed to be Incurred by such Restricted Subsidiary at the time it becomes a Restricted Subsidiary and the terms "**Incurred**" and "**Incurrence**" have meanings correlative to the foregoing and any Indebtedness pursuant to any revolving credit or similar facility shall only be "Incurred" at the time any funds are borrowed thereunder.

"**Indebtedness**" means, with respect to any Person on any date of determination (without duplication):

(1) the principal of indebtedness of such Person for borrowed money;

(2) the principal of obligations of such Person evidenced by bonds, debentures, notes or other similar instruments;

(3) all reimbursement obligations of such Person in respect of letters of credit, bankers' acceptances or other similar instruments (the amount of such obligations being equal at any time to the aggregate then undrawn and unexpired amount of such letters of credit or other instruments plus the aggregate amount of drawings thereunder that have not been reimbursed) (except to the extent such reimbursement obligations relate to trade payables or other obligations not constituting Indebtedness and such obligations are satisfied within 30 days of Incurrence);

(4) the principal component of all obligations of such Person to pay the deferred and unpaid purchase price of property (except trade payables or similar obligation, including accrued expenses owed, to a trade creditor), where the deferred payment is arranged primarily as a means of raising financing, which purchase price is due more than one year after the date of placing such property in service or taking final delivery and title thereto;

(5) Lease Obligations of such Person;

(6) the principal component of all obligations, or liquidation preference, of such Person with respect to any Disqualified Stock or, with respect to any Restricted Subsidiary, any Preferred Stock (but excluding, in each case, any accrued dividends);

(7) the principal component of all Indebtedness of other Persons secured by a Lien on any asset of such Person, whether or not such Indebtedness is assumed by such Person; *provided*, *however*, that the amount of such Indebtedness will be the lesser of (a) the fair market value of such asset at such date of determination (as determined in good faith by an Officer of the Issuer) and (b) the amount of such Indebtedness of such other Persons;

(8) Guarantees by such Person of the principal component of Indebtedness of other Persons to the extent Guaranteed by such Person; and

(9) to the extent not otherwise included in this definition, net obligations of such Person under Hedging Obligations (the amount of any such obligations to be equal at any time to the net payments under such agreement or arrangement giving rise to such obligation that would be payable by such Person at the termination of such agreement or arrangement),

with respect to clauses (1), (2), (4) and (5) above, if and to the extent that any of the foregoing Indebtedness (other than letters of credit and Hedging Obligations) would appear as a liability upon a balance sheet (excluding the footnotes thereto) of such Person prepared in accordance with IFRS.

The amount of any Indebtedness outstanding as of any date shall be (a) the accreted value thereof in the case of any Indebtedness issued with original issue discount and (b) the principal amount of Indebtedness, or liquidation preference thereof, in the case of any other Indebtedness.

Notwithstanding the above provisions, in no event shall the following constitute Indebtedness:

(a) Contingent Obligations Incurred in the ordinary course of business or consistent with past practice, other than Guarantees or other assumptions of Indebtedness;

(b) Cash Management Services;

(c) any prepayments of deposits received from clients or customers in the ordinary course of business or consistent with past practice;

(d) obligations under any license, permit or other approval (or Guarantees given in respect of such obligations) Incurred prior to the Issue Date or in the ordinary course of business or consistent with past practice;

(e) in connection with the purchase by the Issuer or any Restricted Subsidiary of any business, any post-closing payment adjustments to which the seller may become entitled to the extent such payment is determined by a final closing balance sheet or such payment depends on the performance of such business after the closing; *provided*, *however*, that, at the time of closing, the amount of any such payment is not determinable and, to the extent such payment thereafter becomes fixed and determined, the amount is paid in a timely manner;

(f) for the avoidance of doubt, any obligations in respect of workers' compensation claims, early retirement or termination obligations, pension fund obligations or contributions or similar claims, obligations or contributions or social security or wage Taxes or under any Tax Sharing Agreement;

(g) obligations under or in respect of Qualified Receivables Financings;

(h) Indebtedness of any Parent appearing on the balance sheet of the Issuer solely by reason of push down accounting under IFRS;

(i) Capital Stock (other than Disqualified Stock of the Issuer and Preferred Stock of a Restricted Subsidiary);

(j) amounts owed to dissenting stockholders pursuant to applicable law (including in connection with, or as a result of, exercise of appraisal rights and the settlement of any claims or action (whether actual, contingent or potential)), pursuant to or in connection with a consolidation, merger or transfer of all or substantially all of the assets of the Issuer and the Restricted Subsidiaries, taken as a whole, that complies with the covenant described under "—Certain Covenants—Merger and Consolidation";

(k) trade payables with a maturity of less than one year and accrued commissions owed to banks in the ordinary course of business;

and

(l) Subordinated Shareholder Funding.

"**Independent Financial Advisor**" means an investment banking or accounting firm of international standing or any third-party appraiser of international standing; *provided*, *however*, that such firm or appraiser is not an Affiliate of the Issuer.

"**Indirect Restricted Payment**" means an Investment, directly or indirectly, in (i) a Parent of the Issuer (in its capacity as an equity holder), or (ii) any Unrestricted Subsidiary, in each case for the purposes of paying a dividend or making a distribution or for the purpose of purchasing, redeeming or otherwise acquiring or retiring for value any Capital Stock of the Issuer.

"**Initial Public Offering**" means an Equity Offering of common stock or other common equity interests of the Issuer or any Parent or Restricted Subsidiary or any successor of the Issuer or any Parent or Restricted Subsidiary or the acquisition, purchase, merger or combination of the Issuer or any Parent by or with a publicly traded special purpose acquisition company or target acquisition company or any entity similar to the foregoing (the "**IPO Entity**") following which there is a Public Market and, as a result of which, the shares of common stock or other common equity interests of the IPO Entity in such offering are listed on an internationally recognized exchange or traded on an internationally recognized market.

"**Intercreditor Agreement**" means the intercreditor agreement dated January 28, 2021 to which, *inter alios*, the Trustee will accede on or about the Issue Date and to which the lenders under the Revolving Credit Facility

Agreement will accede on or before the Issue Date, and as may be amended, supplemented and restated from time to time.

"**Interest Rate Agreement**" means, with respect to any Person, any interest rate protection agreement, interest rate future agreement, interest rate option agreement, interest rate swap agreement, interest rate cap agreement, interest rate collar agreement, interest rate hedge agreement or other similar agreement or arrangement to which such Person is party or a beneficiary.

"**Investment**" means, with respect to any Person, all investments by such Person in other Persons (including Affiliates) in the form of any advance, loan or other extensions of credit (other than advances or extensions of credit to customers, suppliers, directors, officers or employees of any Person in the ordinary course of business, and excluding any debt or extension of credit represented by a bank deposit other than a time deposit) or capital contribution to (by means of any transfer of cash or other property to others or any payment for property or services for the account or use of others), or the Incurrence of a Guarantee of any obligation of, or any purchase or acquisition of Capital Stock, Indebtedness or other similar instruments issued by, such other Persons and all other items that are or would be classified as investments on a balance sheet (excluding any notes thereto) prepared on the basis of IFRS; *provided*, *however*, that endorsements of negotiable instruments and documents in the ordinary course of business will not be deemed to be an Investment. If the Issuer or a Restricted Subsidiary issues, sells or otherwise disposes of any Capital Stock of a Person that is a Restricted Subsidiary such that, after giving effect thereto, such Person is no longer a Restricted Subsidiary, any Investment by the Issuer or any Restricted Subsidiary in such Person remaining after giving effect thereto will be deemed to be a new Investment equal to the fair market value of the Capital Stock of such Subsidiary not sold or disposed of in an amount determined as provided in the fourth paragraph of the covenant described under "*—Certain Covenants—Limitation on Restricted Payments*."

For purposes of the "—Certain Covenants—Limitation on Restricted Payments" section:

(1) "**Investment**" will include the portion (proportionate to the Issuer's equity interest in a Restricted Subsidiary to be designated as an Unrestricted Subsidiary) of the fair market value of the net assets of such Restricted Subsidiary at the time that such Restricted Subsidiary is designated an Unrestricted Subsidiary; and

(2) any property transferred to or from an Unrestricted Subsidiary will be valued at its fair market value at the time of such transfer, in each case as determined in good faith by the Board of Directors or an Officer of the Issuer.

The amount of any Investment outstanding at any time shall be the original cost of such Investment, reduced (at the Issuer's option) by any dividend, distribution, interest payment, return of capital, repayment or other amount or value received in respect of such Investment.

"**Investment Grade Securities**" means:

(1) securities issued or directly and fully guaranteed or insured by the United States or Canadian government or any agency or instrumentality thereof (other than Cash Equivalents);

(2) securities issued or directly and fully guaranteed or insured by a member of the European Union, Norway, Switzerland or the United Kingdom or any agency or instrumentality thereof (other than Cash Equivalents);

(3) debt securities or debt instruments with a rating of "BBB–" or higher from S&P, "Baa3" or higher by Moody's or "BBB–" or higher from Fitch or the equivalent of such rating by such rating organization or, if no rating of Moody's, Fitch or S&P then exists, the equivalent of such rating by any other Nationally Recognized Statistical Rating Organization, but excluding any debt securities or instruments constituting loans or advances among the Restricted Subsidiaries and the Issuer;

(4) investments in any fund that invests exclusively in investments of the type described in clauses (1), (2) and (3) above which fund may also hold cash and Cash Equivalents pending investment or distribution; and

(5) any investment in repurchase obligations with respect to any securities of the type described in clauses (1), (2) and (3) above which are collateralized at par or over.

"**Investment Grade Status**" shall be achieved when the Notes receive at least two of the following:

(1) a rating of "BBB–" or higher from S&P;

(2) a rating of "Baa3" or higher from Moody's or,

(3) a rating of "BBB" or higher from Fitch,

or the equivalent of such rating by either such rating organization or, if no rating of Moody's, S&P or Fitch then exists, the equivalent of such rating by any other Nationally Recognized Statistical Rating Organization.

"**IPO Entity**" has the meaning given to it in the definition of Initial Public Offering.

"**IPO Market Capitalization**" means an amount equal to (i) the total number of issued and outstanding shares of common stock or common equity interests of the IPO Entity at the time of closing of the Initial Public Offering *multiplied by* (ii) the price per share at which such shares of common stock or common equity interests are sold in such Initial Public Offering.

"**Issue Date**" means February 20, 2025.

"**Issuer**" means Rekeep S.p.A., a *società per azioni* incorporated under the laws of the Republic of Italy or any other Successor Issuer in accordance with the Indenture.

"**Lease Obligations**" means an obligation that is required to be classified and accounted for as a lease for financial reporting purposes on the basis of IFRS. The amount of Indebtedness will be, at the time any determination is to be made, the amount of such obligation required to appear on a balance sheet (excluding any notes thereto) prepared in accordance with IFRS, and the Stated Maturity thereof will be the date of the last payment of rent or any other amount due under such lease prior to the first date such lease may be terminated without penalty.

"**Lien**" means any mortgage, pledge, security interest, encumbrance, lien or charge of any kind (including any conditional sale or other title retention agreement or lease in the nature thereof); *provided* that in no event shall an operating lease (within the meaning of IAS 17) or an agreement to sell be deemed to constitute a Lien.

"**Management Advances**" means loans or advances made to, or Guarantees with respect to loans or advances made to, directors, officers, employees or consultants of any Parent, the Issuer or any Restricted Subsidiary:

(1) in respect of travel, entertainment or moving related expenses Incurred in the ordinary course of business and in accordance with past practice;

(2) in respect of moving related expenses Incurred in connection with any closing or consolidation of any facility or office; or

(3) (in the case of this clause (3)) not exceeding €2.0 million in the aggregate outstanding at any time.

"**Management Investors**" means (i) members of the management team of the Issuer or any Subsidiary who invest or commit to invest, directly or indirectly, in the Issuer, a Restricted Subsidiary or a Parent on or prior to the Issue Date, (ii) persons who are or become members of the management team of the Issuer or the Issuer's Subsidiaries following the Issue Date and who invest, directly or indirectly, in a Parent, the Issuer or the Issuer's Subsidiaries and (iii) any entity that may hold shares transferred by departing members of the management team of a Parent, the Issuer or any of the Issuer's Subsidiaries for future redistribution to the management team of the Issuer or the Issuer's Subsidiaries. For the avoidance of doubt, the expression "**management team**" shall include, but not be limited to, any managers, officers and (executive and non-executive) directors of a Parent, the Issuer or any of the Issuer's Subsidiaries.

"**Market Capitalization**" means an amount equal to (i) the total number of issued and outstanding shares of common stock or common equity interests of the IPO Entity on the date of the declaration of the relevant dividend *multiplied by* (ii) the arithmetic mean of the closing prices per share of such common stock or common equity interests for the 30 consecutive trading days immediately preceding the date of declaration of such dividend.

"**Material Intellectual Property**" means the intellectual property required in order to conduct the business of the Issuer in all material respects as it is being conducted, to the extent that failure to own or have such intellectual property licensed to it would have a Material Adverse Effect (as defined in the Revolving Credit Facility).

"**Maturity Date**" means September 15, 2029.

"**Moody's**" means Moody's Investors Service, Inc. or any of its successors or assigns that is a Nationally Recognized Statistical Rating Organization.

"MSC" means MSC Società di Partecipazione tra Lavoratori S.p.A..

"**Nationally Recognized Statistical Rating Organization**" means a nationally recognized statistical rating organization as defined in Section 3(a)(62) of the Exchange Act.

"**Net Available Cash**" from an Asset Disposition means cash payments received (including any cash payments received by way of deferred payment of principal pursuant to a note or installment receivable or otherwise and net proceeds from the sale or other disposition of any securities received as consideration, but only as and when received, but excluding any other consideration received in the form of assumption by the acquiring person of Indebtedness or other obligations relating to the properties or assets that are the subject of such Asset Disposition or received in any other non-cash form) therefrom, in each case net of:

(1) all legal, accounting, investment banking, title and recording tax expenses, commissions and other fees and expenses Incurred, and all Taxes paid or required to be paid or accrued as a liability under IFRS (after taking into account any available tax credits or deductions and any Tax Sharing Agreements), as a consequence of such Asset Disposition;

(2) all payments made on any Indebtedness which is secured by any assets subject to such Asset Disposition (other than Lease Obligations), in accordance with the terms of any Lien upon such assets, or which must by its terms, or in order to obtain a necessary consent to such Asset Disposition, or by applicable law, be repaid out of the proceeds from such Asset Disposition;

(3) all distributions and other payments required to be made to minority interest holders (other than any Parent or any of its Subsidiaries) in Subsidiaries or joint ventures as a result of such Asset Disposition; and

(4) the deduction of appropriate amounts required to be provided by the seller as a reserve, on the basis of IFRS, against any liabilities associated with the assets disposed of in such Asset Disposition and retained by the Issuer or any Restricted Subsidiary after such Asset Disposition.

For the purposes of this definition, references to "Asset Disposition" shall be deemed to include Specified Asset Disposals.

"**Net Cash Proceeds**," with respect to any issuance or sale of Capital Stock or Subordinated Shareholder Funding, means the cash proceeds of such issuance or sale net of attorneys' fees, accountants' fees, underwriters' or placement agents' fees, listing fees, discounts or commissions and brokerage, consultant and other fees and charges actually Incurred in connection with such issuance or sale and net of Taxes paid or payable as a result of such issuance or sale (after taking into account any available tax credit or deductions and any Tax Sharing Agreements).

"**Notes Documents**" means the Notes (including Additional Notes), the Indenture, the Security Documents, the Intercreditor Agreement and any Additional Intercreditor Agreements.

"**Notes Guarantee**" means a Guarantee of the Notes by a Guarantor.

"**Offering Memorandum**" means this offering memorandum in relation to the Notes.

"**Officer**" means, with respect to any Person, (1) any member of the Board of Directors, the Chief Executive Officer, the President, the Chief Financial Officer, any Vice President, the Treasurer or the Secretary (a) of such Person or (b) if such Person is owned or managed by a single entity, of such entity, or (2) any other individual designated as an "Officer" for the purposes of the Indenture by the Board of Directors of such Person. The obligations of an "Officer of the Issuer" may be exercised by the Officer of any Restricted Subsidiary or the Issuer who has been delegated such authority by the Board of Directors of the Issuer.

"**Officer's Certificate**" means, with respect to any Person, a certificate signed by one Officer of such Person.

"**Opinion of Counsel**" means a written opinion from legal counsel reasonably satisfactory to the Trustee. The counsel may be an employee of or counsel to the Issuer or a Restricted Subsidiary.

"**Parent**" means any Person of which the Issuer at any time is or becomes a direct or indirect Subsidiary after the Issue Date and any holding companies established by MSC for purposes of holding its investment in any Parent.

"**Parent Debt Contribution**" means a contribution to the Issuer or any of its Restricted Subsidiaries in the form of equity, funding the issuance or sale of Capital Stock of the Issuer or any Restricted Subsidiary or Subordinated Shareholder Funding or otherwise on-lent as a proceeds loan to the Issuer or any of its Restricted Subsidiaries pursuant to which dividends, loans, advances, payments or other distributions may be made pursuant to clause (1)(c) of the first paragraph under "*—Certain Covenants—Limited on Restricted Payments*."

"**Parent Expenses**" means:

(1) costs (including all professional fees and expenses) Incurred by any Parent in connection with reporting obligations under or otherwise Incurred in connection with compliance with applicable laws, rules or regulations of any governmental, regulatory or self-regulatory body or stock exchange, the Indenture or any other agreement or instrument relating to Indebtedness of any Restricted Subsidiary and the Issuer, including in respect of any reports filed with respect to the Securities Act, Exchange Act or the respective rules and regulations promulgated thereunder;

(2) customary indemnification obligations of any Parent owing to directors, officers, employees or other Persons under its charter or by-laws or pursuant to written agreements with any such Person to the extent relating to the Restricted Subsidiaries or the Issuer;

(3) obligations of any Parent in respect of director and officer insurance (including premiums therefor) to the extent relating to the Issuer or its Restricted Subsidiaries;

(4) fees and expenses payable by any Parent in connection with the Transactions;

(5) general corporate overhead expenses and administrative costs, including (a) professional fees and expenses, regulatory costs and other operational expenses of any Parent related to the ownership or operation of the business of any Restricted Subsidiaries or the Issuer, (b) costs and expenses with respect to the ownership, directly or indirectly, of any Restricted Subsidiaries or the Issuer by any Parent, (c) any Taxes of any Parent to the extent arising from an investment in the equity interests or equity-like interests of such Parent, or shareholder loans extended to or by such Parent, in connection with the Transactions or an investment in any Restricted Subsidiaries or the Issuer, (d) any Taxes and other fees and expenses required to maintain such Parent's corporate existence and to provide for other ordinary course operating costs, including customary salary, bonus and other benefits payable to, and indemnities provided on behalf of, officers and employees of such Parent, the Issuer and any Restricted Subsidiaries and (e) to reimburse reasonable out of pocket expenses of the Board of Directors of such Parent;

(6) other fees, expenses and costs relating directly or indirectly to activities of any Restricted Subsidiaries or the Issuer or any Parent or any other Person which holds directly or indirectly any Capital Stock or Subordinated Shareholder Funding of the Issuer, in an amount not to exceed the greater of €2.0 million and 2% of Consolidated EBITDA in any fiscal year;

(7) any Taxes, including under any Tax Sharing Agreement, to the extent such Taxes are referable to the income of the Issuer or the Restricted Subsidiaries and, to the extent of the amount actually received in cash from its Unrestricted Subsidiaries, in amounts required to pay such taxes to the extent referable to the income of such Unrestricted Subsidiaries; *provided*, *however*, that the amount of such payments in any fiscal year do not exceed the amount that the Restricted Subsidiaries and the Issuer would be required to pay in respect of such taxes on a consolidated basis on behalf of an affiliated group consisting only of the Restricted Subsidiaries (and, to the extent that cash has been received from Unrestricted Subsidiaries, the Unrestricted Subsidiaries) and the Issuer; and

(8) expenses Incurred by any Parent in connection with any public offering or other sale of Capital Stock or Indebtedness;

   (a) where the net proceeds of such offering or sale are intended to be received by or contributed to the Issuer or a Restricted Subsidiary;

(b) in a pro-rated amount of such expenses in proportion to the amount of such net proceeds intended to be so received or contributed; or

(c) otherwise on an interim basis prior to completion of such offering so long as any Parent shall cause the amount of such expenses to be repaid to the Issuer or the relevant Restricted Subsidiary out of the proceeds of such offering promptly if completed.

"**Pari Passu Indebtedness**" means (a) any Indebtedness of the Issuer that ranks equally in right of payment with the Notes or (b) with respect to any Notes Guarantee of a Guarantor, any Indebtedness that ranks equally in right of payment with such Notes Guarantee.

"**Paying Agent**" means any Person authorized by the Issuer to pay the principal of (and premium, if any) or interest on any Note on behalf of the Issuer.

"**Permitted Collateral Liens**" means Liens on the Collateral:

(1) that are described in one or more of clauses (2), (3), (4), (5), (6), (8), (9), (11), (12), (14), (18), (20), (23), (24) and (32) of the definition of "Permitted Liens" and, in each case, arising by law or that would not materially interfere with the ability of the Security Agent to enforce the Security Interests in the Collateral;

(2) to secure:

(a) Indebtedness the Incurrence of which would not be prohibited under the first paragraph of the covenant described under "*—Certain Covenants—Limitation on Indebtedness*";

(b) Indebtedness described under clause (1) of the second paragraph of the covenant described under "*—Certain Covenants—Limitation on Indebtedness*," which Indebtedness may be entitled to receive proceeds of an enforcement of the Collateral in priority to the Notes in a manner not materially less favorable to the Holders than that accorded to the Revolving Credit Facility on the Issue Date pursuant to the Intercreditor Agreement, *provided that* the aggregate principal amount of debt entitled to have such priority under this clause (b) shall be equal to the greater of €75.0 million and 62% EBITDA *less* an amount equal to any reduction in commitments in respect of the Revolving Credit Facility in connection with one or more Specified Asset Disposals;

(c) Indebtedness described under clause (2) of the second paragraph of the covenant described under "*—Certain Covenants—Limitation on Indebtedness*," to the extent Incurred by a Guarantor and to the extent such guarantee is in respect of Indebtedness otherwise permitted to be secured and specified in this definition of Permitted Collateral Liens;

(d) Indebtedness described under clause (4)(a) of the second paragraph of the covenant described under *"—Certain Covenants—Limitation on Indebtedness*";

(e) Indebtedness described under clause (5) of the second paragraph of the covenant described under *"—Certain Covenants—Limitation on Indebtedness*";

(f) Indebtedness described under clause (6) of the second paragraph of the covenant described under "—Certain Covenants—Limitation on Indebtedness"; provided that Currency Agreements and Interest Rate Agreements entered into with respect to any Indebtedness, the Incurrence of which would not be prohibited under the covenant described under *"—Certain Covenants—Limitation on Indebtedness*," may be entitled to receive proceeds of an enforcement of the Collateral in priority to the Notes in a manner not materially less favorable to the Holders than that accorded to the Revolving Credit Facility on the Issue Date pursuant to the Intercreditor Agreement;

(g) Indebtedness described under clauses (7) (other than with respect to Lease Obligations), (11), (13) or (14) of the second paragraph of the covenant described under *"—Certain Covenants—Limitation on Indebtedness*";

(h) Indebtedness secured on a junior basis to the Notes; and

(i) any Refinancing Indebtedness in respect of Indebtedness referred to in the foregoing clauses (a), (b), (d), (e), (f) and (g) (other than in respect of clause (11) or (13) of the second paragraph of the covenant described under *"—Certain Covenants—Limitation on Indebtedness"*) and this clause (i); and

(3) Incurred in the ordinary course of business of the Issuer or any Restricted Subsidiary with respect to obligations that in total do not exceed the greater of €5.0 million and 4% of Consolidated EBITDA at any one time outstanding and that (i) are not Incurred in connection with the borrowing of money and (ii) do not in the aggregate materially detract from the value of the property or materially impair the use thereof or the operation of the Issuer's or such Restricted Subsidiary's business,

provided, that, in the case of (2) and (3), each of the secured parties to any such Indebtedness (acting directly or through its respective creditor representative) will have entered into the Intercreditor Agreement or an Additional Intercreditor Agreement; *provided*, *further*, that, subject to the Agreed Security Principles, all property and assets (including, without limitation, the Collateral) securing such Indebtedness (including any guarantees thereof) or refinancing Indebtedness secure the Notes and the Indenture on a senior or *pari passu* basis (including by application of payment order, turnover or equalization provisions substantially consistent with the corresponding provisions set forth in the Intercreditor Agreement or any Additional Intercreditor Agreement), except to the extent provided in clauses (2)(c) and (2)(f) above.

For purposes of determining compliance with this definition, (a) Liens need not be incurred solely by reference to one category of Permitted Collateral Liens described in this definition but are permitted to be incurred in part under any combination thereof and of any other available exemption and (b) in the event that a Lien (or any portion thereof) meets the criteria of one or more of the categories of Permitted Collateral Liens, the Issuer will, in its sole discretion, classify or reclassify such Lien (or any portion thereof) in any manner that complies with this definition.

"**Permitted Investment**" means (in each case, by the Issuer or a Restricted Subsidiary):

(1) Investments in (a) a Restricted Subsidiary (including the Capital Stock of a Restricted Subsidiary) or the Issuer or (b) a Person (including the Capital Stock of any such Person) if such Person will, upon the making of such Investment, become a Restricted Subsidiary;

(2) Investments in another Person if such Person as a result of such Investment in such other Person is merged, consolidated or otherwise combined with or into, or transfers or conveys all or substantially all its assets to, the Issuer or a Restricted Subsidiary;

(3) Investments in cash, Cash Equivalents, Temporary Cash Investments or Investment Grade Securities;

(4) Investments in receivables owing to the Issuer or any Restricted Subsidiary created or acquired in the ordinary course of business, including Investments in connection with any factoring financing, securitization, Qualified Receivables Financing or similar arrangement;

(5) Investments in payroll, travel, relocation, entertainment and similar advances to cover matters that are expected at the time of such advances ultimately to be treated as expenses for accounting purposes and that are made in the ordinary course of business;

(6) Management Advances;

(7) Investments in Capital Stock, obligations or securities received in settlement of debts created in the ordinary course of business and owing to the Issuer or any Restricted Subsidiary, or as a result of foreclosure, perfection or enforcement of any Lien, or in satisfaction of judgments or pursuant to any plan of reorganization or similar arrangement including upon the bankruptcy or insolvency of a debtor;

(8) Investments made as a result of the receipt of non-cash consideration from a sale or other disposition of property or assets, including an Asset Disposition, in each case, that was made in compliance with "—*Certain Covenants—Limitation on Sales of Assets and Subsidiary Stock*";

(9) Investments in existence on, or made pursuant to legally binding commitments in existence on, the Issue Date, and, in each case, any extension, modification, restructuring or renewal of any such Investment; *provided* that the amount of the Investment may be increased (a) as required by the terms of the Investment as in existence on the Issue Date or (b) as otherwise permitted under the Indenture;

(10) Hedging Obligations, which transactions or obligations are Incurred to the extent they would not be prohibited under "*—Certain Covenants—Limitation on Indebtedness*";

(11) Investments (other than an Indirect Restricted Payment if, immediately after giving *pro forma* effect to the payment of any such Indirect Restricted Payment, the Consolidated Net Leverage Ratio is greater than 2.0 to 1.00), taken together with all other Investments made pursuant to this clause (11) and at any time outstanding, in an aggregate amount at the time of such Investment (net of any distributions, dividends, payments or other returns in respect of such Investments) not to exceed the greater of €32.0 million or 26% of Consolidated EBITDA of the Issuer; *provided* that, if an Investment is made pursuant to this clause in a Person that is not the Issuer or a Restricted Subsidiary and such Person subsequently becomes the Issuer or a Restricted Subsidiary or is subsequently designated a Restricted Subsidiary in accordance with the definition of "Unrestricted Subsidiary," such Investment shall thereafter be deemed to have been made pursuant to clause (1) or (2) of the definition of "Permitted Investments" and not this clause;

(12) pledges or deposits with respect to leases or utilities provided to third parties in the ordinary course of business or Liens otherwise described in the definition of "Permitted Liens" or made in connection with Liens the Incurrence of which would not be prohibited under "*—Certain Covenants—Limitation on Liens*";

(13) any Investment to the extent made using Capital Stock of the Issuer (other than Disqualified Stock), Subordinated Shareholder Funding or Capital Stock of any Parent as consideration;

(14) any transaction to the extent constituting an Investment that is permitted and made in accordance with the provisions of clauses (4), (6) or (14) of the second paragraph of the covenant described under "—Certain Covenants—Limitation on Affiliate Transactions";

(15) Guarantees of Indebtedness of the Issuer or any Restricted Subsidiary, the Incurrence of which would not be prohibited under *"—Certain Covenants—Limitation on Indebtedness*" and (other than with respect to Indebtedness) guarantees, keepwells and similar arrangements in the ordinary course of business;

(16) Investments in loans under the Revolving Credit Facility, the Notes (including any Additional Notes), the Notes Guarantees and any future proceeds loan from the Issuer to a Restricted Subsidiary under an agreement and other Indebtedness of the Issuer or a Restricted Subsidiary permitted by the Indenture; and

(17) Investments (other than an Indirect Restricted Payment if, immediately after giving *pro forma* effect to the payment of any such Indirect Restricted Payment, the Consolidated Net Leverage Ratio is greater than 2.0 to 1.00) in Associates, joint ventures or a Similar Business, taken together with all other Investments made pursuant to this clause (17) and at any time outstanding, in an aggregate amount at the time of such Investment (net of any distributions, dividends, payments or other returns in respect of such Investments) not to exceed the greater of €52.0 million or 43% of Consolidated EBITDA of the Issuer; provided that, if an Investment is made pursuant to this clause (17) in a Person that is not a Restricted Subsidiary and such Person subsequently becomes a Restricted Subsidiary or is subsequently designated a Restricted Subsidiary in accordance with the definition of "Unrestricted Subsidiary," such Investment shall thereafter be deemed to have been made pursuant to clause (1) or (2) of the definition of "Permitted Investments" and not this clause;

provided, *however*, that any Investment consisting of the transfer of any Material Intellectual Property by the Issuer or any of the Restricted Subsidiaries to an Unrestricted Subsidiary shall not constitute a Permitted Investment.

For purposes of determining compliance with this definition, (a) Permitted Investments need not be made solely by reference to one category of Permitted Investments described in this definition but are permitted to be made in part under any combination thereof and of any other available exemption and (b) in the event that a Permitted Investment (or any portion thereof) meets the criteria of one or more of the categories of Permitted Investments, the Issuer will, in its sole discretion, classify or reclassify such Permitted Investment (or any portion thereof) in any manner that complies with this definition.

"**Permitted Liens**" means, with respect to any Person:

(1) Liens on assets or property of a Restricted Subsidiary that is not a Guarantor securing Indebtedness of any Restricted Subsidiary that is not the Issuer or a Guarantor permitted by the covenant described under "*—Certain Covenants—Limitation on Indebtedness*";

(2) pledges, deposits or Liens under workmen's compensation laws, unemployment insurance laws, social security laws or similar legislation or securing pension obligations, pension liabilities or partial retirement liabilities or any works council or similar agreement or arrangement in relation to part-time work or working-time accounts or other flexible work arrangements, or insurance related obligations (including pledges or deposits securing liability to insurance carriers under insurance or self-insurance arrangements), or in connection with bids, tenders, completion guarantees, contracts (other than for borrowed money) or leases, or to secure utilities, licenses, public or statutory obligations, or to secure surety, indemnity, judgment, appeal or performance bonds, guarantees of government contracts (or other similar bonds, instruments or obligations), or as security for contested Taxes or import or customs duties or for the payment of rent, or other obligations of like nature, in each case Incurred in the ordinary course of business (including Liens to secure letters of credit issued to assure payment of such obligations);

(3) Liens imposed by law, including carriers', warehousemen's, mechanics', landlords', materialmen's and repairmen's or other similar Liens, in each case for sums not yet overdue for a period of more than 60 days or that are bonded or being contested in good faith by appropriate proceedings;

(4) Liens for Taxes, assessments or other governmental charges not yet delinquent or which are being contested in good faith by appropriate proceedings; *provided* that appropriate reserves required pursuant to IFRS have been made in respect thereof;

(5) Liens in favor of issuers of surety, performance or other bonds, guarantees or letters of credit or bankers' acceptances (not issued to support Indebtedness for borrowed money) issued pursuant to the request of and for the account of the Issuer or any Restricted Subsidiary in the ordinary course of its business;

(6) encumbrances, ground leases, easements (including reciprocal easement agreements), survey exceptions, or reservations of, or rights of others for, licenses, rights of way, sewers, electric lines, telegraph and telephone lines and other similar purposes, or zoning, building codes or other restrictions (including minor defects or irregularities in title and similar encumbrances) as to the use of real properties or Liens incidental to the conduct of the business of the Issuer or any Restricted Subsidiary or to the ownership of its properties which do not in the aggregate materially adversely affect the value of said properties or materially impair their use in the operation of the business of the Issuer or any Restricted Subsidiary;

(7) Liens on assets or property of the Issuer or any Restricted Subsidiary (other than Collateral) securing (i) Hedging Obligations permitted under the Indenture and relating to Indebtedness permitted to be Incurred under the Indenture and which is secured by a Lien on the same assets or property that secures such Indebtedness or (ii) Cash Management Services;

(8) leases, licenses, subleases and sublicenses of assets (including real property and intellectual property rights), in each case entered into in the ordinary course of business;

(9) Liens arising out of judgments, decrees, orders or awards not giving rise to an Event of Default so long as any appropriate legal proceedings which may have been duly initiated for the review of such judgment, decree, order or award have not been finally terminated or the period within which such proceedings may be initiated has not expired;

(10) Liens on assets or property of the Issuer or any Restricted Subsidiary for the purpose of securing Lease Obligations or Purchase Money Obligations, or securing the payment of all or a part of the purchase price of, or securing other Indebtedness Incurred to finance or refinance the acquisition, improvement or construction of, assets or property acquired or constructed in the ordinary course of business and consistent with past practice; *provided* that (a) the aggregate principal amount of Indebtedness secured by such Liens is otherwise permitted to be Incurred under clause (7) of the second paragraph of the covenant described above under "*—Certain Covenants—Limitation on Indebtedness*" and (b) any such Lien may not extend to any assets or property of the Issuer or any Restricted Subsidiary other than assets or property acquired, improved, constructed or leased with the proceeds of such Indebtedness and any improvements or accessions to such assets and property;

(11) Liens arising by virtue of any statutory or common law provisions relating to banker's Liens, rights of set-off or similar rights and remedies as to deposit accounts or other funds maintained with a depositary or financial institution;

(12) Liens arising from Uniform Commercial Code financing statement filings (or similar filings in other applicable jurisdictions) regarding operating leases entered into by the Issuer and the Restricted Subsidiaries in the ordinary course of business;

(13) Liens existing on, or provided for or required to be granted under written agreements existing on, the Issue Date, after giving *pro forma* effect to the use of the proceeds of the Notes as described in this Offering Memorandum;

(14) Liens on property, other assets or shares of stock of a Person at the time such Person becomes a Restricted Subsidiary (or at the time the Issuer or a Restricted Subsidiary acquires such property, other assets or shares of stock, including any acquisition by means of a merger, consolidation or other business combination transaction with or into the Issuer or any Restricted Subsidiary), including Liens created, incurred or assumed in connection with, or in contemplation of such acquisition or transaction; *provided*, that such Liens are limited to all or part of the same property, other assets or stock (plus improvements, accession, proceeds or dividends or distributions in connection with the original property, other assets or stock) that secured (or, under the written arrangements under which such Liens arose, could secure) the obligations to which such Liens relate;

(15) Liens on assets or property of the Issuer or any Restricted Subsidiary securing Indebtedness or other obligations of the Issuer or such Restricted Subsidiary owing to the Issuer or another Restricted Subsidiary, or Liens in favor of the Issuer or any Restricted Subsidiary;

(16) Liens securing Indebtedness Incurred to refinance Indebtedness that was previously so secured, and permitted to be secured under the Indenture (other than Indebtedness that was previously secured pursuant to clause (30) below); *provided* that any such Lien is limited to all or part of the same property or assets (*plus* improvements, accessions, proceeds or dividends or distributions in respect thereof) that secured (or, under the written arrangements under which the original Lien arose, could secure) the Indebtedness being refinanced or is in respect of property that is or could be the security for or subject to a Permitted Lien hereunder;

(17) any interest or title of a lessor under any Lease Obligation or operating lease;

(18) (a) mortgages, liens, security interests, restrictions, encumbrances or any other matters of record that have been placed by any government, statutory or regulatory authority, developer, landlord or other third party on property over which the Issuer or any Restricted Subsidiary has easement rights or on any leased property and subordination or similar arrangements relating thereto and (b) any condemnation or eminent domain proceedings affecting any real property;

(19) any encumbrance or restriction (including put and call arrangements) with respect to Capital Stock of, or assets owned by, any joint venture or similar arrangement pursuant to any joint venture or similar agreement;

(20) Liens on property or assets under construction (and related rights) in favor of a contractor or developer or arising from progress or partial payments by a third party relating to such property or assets;

(21) Liens (a)(i) on Receivables Assets Incurred in connection with a Qualified Receivables Financing or (ii) securing Indebtedness or other financing arrangements described in clauses (12)(b) and 12(c) under the second paragraph under "*—Certain Covenants—Limitation on Indebtedness*" (other than, in each of (a)(i) and (a)(ii), liens on Receivables) or (b) constituting Permitted Receivables Liens;

(22) Liens on Escrowed Proceeds for the benefit of the related holders of debt securities or other Indebtedness (or the underwriters or arrangers thereof) or on cash set aside at the time of the incurrence of any Indebtedness or government securities purchased with such cash, in either case to the extent such cash or government securities prefund the payment of interest on such Indebtedness and are held in escrow accounts or similar arrangement to be applied for such purpose;

(23) Liens securing or arising by reason of any netting or set-off arrangement entered into in the ordinary course of banking or other trading activities;

(24) Liens arising out of conditional sale, title retention, hire purchase, consignment or similar arrangements for the sale of goods entered into in the ordinary course of business;

(25) Liens on Capital Stock or other securities or assets of any Unrestricted Subsidiary that secure Indebtedness of such Unrestricted Subsidiary;

(26) (a) Liens over cash paid into an escrow account pursuant to any purchase price retention arrangement as part of any permitted disposal by the Issuer or a Restricted Subsidiary; (b) Liens over cash paid into an escrow account to fund an acquisition or pay related fees and expenses pending the closing of such acquisition by the Issuer or any Restricted Subsidiary; and (c) Liens over cash paid into an escrow account pursuant to any purchase price retention arrangement or deferred consideration in connection with the acquisition by the Issuer or any Restricted Subsidiary.

(27) limited recourse Liens in respect of the ownership interests in, or assets owned by, any joint ventures which are not Restricted Subsidiaries securing obligations of such joint ventures;

(28) (a) Liens created for the benefit of or to secure, directly or indirectly, the Notes and any Notes Guarantees, (b) Liens pursuant to the Intercreditor Agreement, the Security Documents and any other security documents entered into pursuant to the Indenture and the Revolving Credit Facility Agreement, (c) Liens in respect of property and assets securing Indebtedness if the recovery in respect of such Liens is subject to loss-sharing as among the Holders and the creditors of such Indebtedness pursuant to the Intercreditor Agreement or an Additional Intercreditor Agreement and (d) Liens to secure Indebtedness where the granting of an equal and ratable (or prior) Lien on such property or assets to secure the Notes would be inconsistent with the Agreed Security Principles (including a special lien (*privilegio speciale*) under Italian law, if any);

(29) Liens securing Indebtedness described in clause (14) under the second paragraph under "*—Certain Covenants—Limitation on Indebtedness*"; and

(30) Liens, *provided* that the maximum amount of Indebtedness secured in the aggregate at any one time pursuant to this clause (30) does not exceed the greater of €52.0 million and 43% of Consolidated EBITDA,

(31) Liens on inventory, trading stock, security equipment or other equipment in the ordinary course of business;

(32) Liens that are contractual rights of set-off relating to purchase orders and other agreements entered into with customers of the Issuer or any of its Restricted Subsidiaries in the ordinary course of business;

(33) Customary Liens on and in respect of deposits required in connection with the purchase of property, equipment and inventory, in each case Incurred in the ordinary course of business; and

(34) Liens securing insurance premium financing arrangements; provided that such Liens are limited to the applicable unearned insurance premiums.

For purposes of determining compliance with this definition, (a) Liens need not be incurred solely by reference to one category of Permitted Liens described in this definition but are permitted to be incurred in part under any combination thereof and of any other available exemption and (b) in the event that a Lien (or any portion thereof) meets the criteria of one or more of the categories of Permitted Liens, the Issuer will, in its sole discretion, classify or reclassify such Lien (or any portion thereof) in any manner that complies with this definition.

"**Permitted Parent Reorganization**" means a Reorganization involving the incorporation of a new direct Parent of the Issuer ("**New Holdco**") and the transfer of the Capital Stock and receivables of the Issuer held by the direct Parent at such time ("**Prior Holdco**") to New Holdco; *provided* that (1) New Holdco shall be a person organized and existing under the laws of any member state of the European Union, any State of the United States of America or the District of Columbia, Canada or any province of Canada, Norway, Switzerland or the United Kingdom, (2) New Holdco will acquire all the Capital Stock and receivables of the Issuer held by the Prior Holdco and shall have entered into a confirmation deed or similar instrument (x) confirming the first-priority pledge of the Capital Stock and receivables of the Issuer which formed part of the Collateral at the time of such Permitted Parent Reorganization in favor of the Holders of the Notes and (y) assuming all relevant obligations of the Prior Holdco under any Security Document and the Intercreditor Agreement, (3) the Issuer will provide to the Trustee and the Security Agent an Officer's Certificate confirming that (i) such Permitted Parent Reorganization is permitted

under the terms of the Notes Documents and (ii) no Default is continuing or would arise as a result of such Permitted Parent Reorganization and (4) the Issuer will provide to the Trustee a certificate from the Board of Directors of New Holdco which confirms the solvency of New Holdco after giving effect to the Permitted Parent Reorganization. Upon completion of such Permitted Parent Reorganization, Prior Holdco shall be released from its obligations under the Notes Documents save for any obligations expressed to survive release.

"**Permitted Reorganization"** means any (i) Permitted Parent Reorganization and (ii) Reorganization involving the Issuer or any Restricted Subsidiary that is made on a solvent basis; *provided* that, in the case of (ii) only:

(1) any payments, business, property or assets of the Issuer and the Restricted Subsidiaries distributed in connection with such Reorganization remain within the Issuer and the Restricted Subsidiaries (unless such distribution is otherwise permitted by the covenant set forth in "*Certain Covenants—Limitations on Restricted Payments*");

(2) if any shares or other assets of an entity subject to reorganization form part of the Collateral, substantially equivalent Liens (in the good faith of the Issuer) must be granted over such shares or assets of the recipient such that they form part of the Collateral, unless the release of such Liens is not otherwise prohibited by the Indenture and ignoring for the purposes of assessing such equivalency any limitations required in accordance with the Agreed Security Principles or hardening periods (or any similar or equivalent concept); and

(3) if any Notes Guarantees are released in connection with such Reorganization in accordance with the Notes Guarantee release provisions of the Indenture, substantially equivalent Note Guarantees (in the good faith of the Issuer) must be provided, unless the release of such Note Guarantees is not otherwise prohibited by the Indenture and ignoring for the purposes of assessing such equivalency any limitations required in accordance with the Agreed Security Principles or hardening periods (or any similar equivalent concept).

Promptly upon consummation of a Permitted Reorganization other than a Permitted Parent Reorganization, the Issuer will file with the Trustee and the Security Agent a copy of the resolution of the Board of Directors of the Issuer or the applicable Restricted Subsidiary authorizing such Permitted Reorganization and deliver an Officer's Certificate certifying that such Permitted Reorganization complied or will comply with the terms of the Indenture and did not result or will not result in a Default or Event of Default. The Security Agent and the Trustee shall take any action necessary to effect any releases of Notes Guarantees or Collateral requested by the Issuer in connection with a Permitted Reorganization.

"**Person**" means any individual, corporation, partnership, joint venture, association, joint-stock company, trust, unincorporated organization, limited liability company, government or any agency or political subdivision thereof or any other entity.

"**Preferred Stock**," as applied to the Capital Stock of any Person, means Capital Stock of any class or classes (however designated) which is preferred as to the payment of dividends or as to the distribution of assets upon any voluntary or involuntary liquidation or dissolution of such Person, over shares of Capital Stock of any other class of such Person.

"**Public Debt**" means any Indebtedness consisting of bonds, debentures, notes or other similar debt securities issued in (1) a public offering registered under the Securities Act or (2) a private placement to institutional investors that is underwritten for resale in accordance with Rule 144A or Regulation S under the Securities Act, whether or not it includes registration rights entitling the holders of such debt securities to registration thereof with the SEC for public resale.

"**Public Market**" means any time after:

(1) an Equity Offering has been consummated; and

(2) shares of common stock or other common equity interests of the IPO Entity having a market value in excess of €50.0 million on the date of such Equity Offering have been distributed pursuant to such Equity Offering.

"**Public Offering**" means any offering, including an Initial Public Offering, of shares of common stock or other common equity interests that are listed on an exchange or publicly offered (which shall include an offering

pursuant to Rule 144A or Regulation S under the Securities Act to professional market investors or similar persons).

"**Purchase Money Obligations**" means any Indebtedness Incurred to finance or refinance the acquisition, leasing, construction or improvement of property (real or personal) or assets (including Capital Stock), and whether acquired through the direct acquisition of such property or assets or the acquisition of the Capital Stock of any Person owning such property or assets, or otherwise.

"**Qualified Receivables Financing**" means any Receivables Financing that meets the following conditions: (1) the Board of Directors or an Officer of the Issuer shall have determined in good faith that such Qualified Receivables Financing (including financing terms, covenants, termination events and other provisions) is in the aggregate economically fair and reasonable to the Issuer and the Receivables Subsidiary or other Subsidiary, as the case may be, (2) all sales of Receivables and related assets to the Receivables Subsidiary or other Subsidiary, as the case may be, are made at fair market value (as determined in good faith by the Board of Directors or an Officer of the Issuer), (3) the financing terms, covenants, termination events and other provisions thereof shall be on market terms (as determined in good faith by the Board of Directors or an Officer of the Issuer) and may include Standard Securitization Undertakings and (4) is non-recourse to the Issuer or any Restricted Subsidiary (other than a Receivables Subsidiary) except to the extent of any Standard Securitization Undertaking.

The grant of a security interest in any Receivables of the Issuer or a Restricted Subsidiary (other than a Receivables Subsidiary) to secure Indebtedness under a Credit Facility or Indebtedness in respect of the Notes shall not be deemed a Qualified Receivables Financing.

"**Rating Agencies**" means Moody's, S&P or Fitch or, in the event Moody's, S&P or Fitch no longer assigns a rating to the Notes, any other Nationally Recognized Statistical Rating Organization selected by the Issuer as a replacement agency.

"**Receivable**" means a right to receive payment arising from a sale or lease of goods or services by a Person pursuant to an arrangement with another Person pursuant to which such other Person is obligated to pay for goods or services under terms that permit the purchase of such goods and services on credit, as determined on the basis of IFRS.

"**Receivables Assets**" means any Receivables of the Issuer or a Restricted Subsidiary and any assets related thereto, including all collateral securing such Receivables, all contracts and all guarantees or other obligations in respect of such Receivables, proceeds of such Receivables, the bank accounts into which the proceeds of such receivables are collected and other assets which are customarily transferred or in respect of which security interest are customarily granted in connection with asset securitization, factoring or similar transactions involving Receivables and any Hedging Obligations entered into by the Issuer or any such Subsidiary in connection with such Receivables.

"**Receivables Fees**" means distributions or payments made directly or by means of discounts with respect to any participation interest issued or sold in connection with, and other fees paid to a Person that is not the Issuer or a Restricted Subsidiary in connection with, any factoring financing, securitization, Receivables Financing or similar arrangement.

"**Receivables Financing**" means any transaction or series of transactions that may be entered into by the Issuer or any Subsidiary of the Issuer pursuant to which the Issuer or any of its Subsidiaries may sell, convey or otherwise transfer (including any synthetic transfer) to (a) a Receivables Subsidiary, or (b) any other Person (in the case of a transfer by the Issuer or any of its Subsidiaries), or may grant a security interest in, Receivables Assets.

"**Receivables Repurchase Obligation**" means any obligation of a seller of receivables in a Qualified Receivables Financing to repurchase receivables arising as a result of a breach of a representation, warranty or covenant or otherwise, including as a result of a receivable or portion thereof becoming subject to any asserted defense, dispute, off-set or counterclaim of any kind as a result of any action taken by, any failure to take action by or any other event relating to the seller.

"**Receivables Subsidiary**" means a Wholly Owned Subsidiary of the Issuer or a Restricted Subsidiary (or another Person formed for the purposes of engaging in a Qualified Receivables Financing in which the Issuer or any Subsidiary of the Issuer makes an Investment and to which the Issuer or any Subsidiary of the Issuer transfers Receivables and related assets) which engages in no activities other than in connection with the financing of Receivables of the Issuer and its Subsidiaries, all proceeds thereof and all rights (contractual or other), collateral

and other assets relating thereto, and any business or activities incidental or related to such business, and which is designated by the Board of Directors or an Officer of the Issuer (as provided below) as a Receivables Subsidiary and:

(1) no portion of the Indebtedness or any other obligations (contingent or otherwise) of which (i) is guaranteed by the Issuer or any Restricted Subsidiary (excluding guarantees of obligations (other than the principal of, and interest on, Indebtedness) pursuant to Standard Securitization Undertakings), (ii) is subject to terms that are substantially equivalent in effect to a guarantee of any losses on securitized or sold receivables by the Issuer or any Restricted Subsidiary, (iii) is recourse to, or obligates the Issuer or any Restricted Subsidiary in any way other than pursuant to Standard Securitization Undertakings, or (iv) subjects any property or asset of the Issuer or any other Restricted Subsidiary of the Issuer, directly or indirectly, contingently or otherwise, to the satisfaction thereof, other than pursuant to Standard Securitization Undertakings;

(2) with which neither the Issuer nor any Restricted Subsidiary has any material contract, agreement, arrangement or understanding (except in connection with a Qualified Receivables Financing) other than on terms which the Issuer reasonably believes to be no less favorable to the Issuer or such Restricted Subsidiary than those that might be obtained at the time from Persons that are not Affiliates of the Issuer; and

(3) to which neither the Issuer nor any Restricted Subsidiary has any obligation to maintain or preserve such entity's financial condition or cause such entity to achieve certain levels of operating results.

Any such designation by the Board of Directors or an Officer of the Issuer shall be evidenced to the Trustee by filing with the Trustee a copy of the resolution of the Board of Directors or certificate of an Officer of the Issuer giving effect to such designation and an Officer's Certificate certifying that such designation complied with the foregoing conditions.

"**refinance**" means refinance, refund, replace, renew, repay, modify, restate, defer, substitute, supplement, reissue, resell, extend or increase (including pursuant to any defeasance or discharge mechanism) and the terms "**refinances**," "**refinanced**" and "**refinancing**" as used for any purpose in the Indenture shall have a correlative meaning.

"**Refinancing Indebtedness**" means Indebtedness that is Incurred to refund, refinance, replace, exchange, renew, repay or extend (including pursuant to any defeasance or discharge mechanism) any Indebtedness of the Issuer and its Restricted Subsidiaries that is (x) existing on the Issue Date and/or (y) Incurred in compliance with the Indenture (including Indebtedness of the Issuer that refinances Indebtedness of a Restricted Subsidiary and Indebtedness of a Restricted Subsidiary that refinances Indebtedness of the Issuer and Indebtedness of any Restricted Subsidiary that refinances Indebtedness of another Restricted Subsidiary) including Indebtedness that refinances Refinancing Indebtedness; *provided*, *however*, that:

(1) if the Indebtedness being refinanced constitutes Subordinated Indebtedness, the Refinancing Indebtedness has a final stated maturity at the time such refinancing Indebtedness is Incurred that is the same as or later than the final stated maturity of the Indebtedness being refinanced or, if shorter, the Stated Maturity of the Notes;

(2) such Refinancing Indebtedness is Incurred in an aggregate principal amount (or if issued with original issue discount, an aggregate issue price) that is equal to or less than the sum of the aggregate principal amount (or if issued with original issue discount, the aggregate accreted value) then outstanding of the Indebtedness being refinanced (plus, without duplication, any additional Indebtedness Incurred to pay interest or premiums required by the instruments governing such existing Indebtedness and costs, expenses and fees Incurred in connection therewith); and

(3) if the Indebtedness being refinanced is expressly subordinated to the Notes or Notes Guarantees, such Refinancing Indebtedness is subordinated to the Notes or such Notes Guarantees, as applicable, on terms at least as favorable to the Holders as those contained in the documentation governing the Indebtedness being refinanced,

provided further, *however*, that Refinancing Indebtedness shall not include (i) Indebtedness of the Issuer or a Restricted Subsidiary that refinances Indebtedness of an Unrestricted Subsidiary or (ii) Indebtedness of a Restricted Subsidiary that is not a Guarantor that refinances Indebtedness of the Issuer or a Guarantor.

Refinancing Indebtedness in respect of any Credit Facility or any other Indebtedness may be Incurred from time to time after the termination, discharge or repayment of any such Credit Facility or other Indebtedness; *provided* that it is used to refinance the amounts to discharge in full such Credit Facility or other Indebtedness within 180 days of the relevant termination, discharge or repayment.

"**Rekeep Polska**" means Rekeep Polska S.A., the parent company of the Polish group with the same name operating in the facility management segment for the healthcare sector in that country.

"**Rekeep Polska Group**" means Rekeep Polska and its subsidiaries.

"**Related Taxes**" means any Taxes, including sales, use, transfer, rental, ad valorem, value added, stamp, property, consumption, franchise, license, capital, registration, business, customs, net worth, gross receipts, excise, occupancy, intangibles or similar Taxes (other than (x) Taxes measured by income and (y) withholding imposed on payments made by any Parent), required to be paid (provided such Taxes are in fact paid) by any Parent by virtue of its:

(1) being incorporated or otherwise being established or having Capital Stock outstanding (but not by virtue of owning stock or other equity interests of any corporation or other entity other than, directly or indirectly, the Issuer or any Restricted Subsidiary);

(2) issuing or holding Subordinated Shareholder Funding;

(3) being a holding company parent, directly or indirectly, of the Issuer or any Restricted Subsidiary;

(4) receiving dividends from or other distributions in respect of the Capital Stock of, directly or indirectly, the Issuer or any Restricted Subsidiary; or

(5) having made any payment with respect to any of the items for which the Issuer is permitted to make payments to any Parent pursuant to "*—Certain Covenants—Limitation on Restricted Payments*."

"**Reorganization**" means any amalgamation, demerger, merger, voluntary liquidation, consolidation, reorganization, change of corporate form, re-incorporation, winding up or corporate reconstruction, in each case, that is made on a solvent basis.

"**Replacement Assets**" means non-current properties and assets that replace the properties and assets that were the subject of an Asset Disposition or non-current properties and assets that will be used in the Issuer's or a Restricted Subsidiary's business as of the Issue Date or any and all other businesses that in the good faith judgment of the Board of Directors or an Officer of the Issuer are related thereto.

"**Representative**" means any trustee, agent or representative (if any) for an issue of Indebtedness or the provider of Indebtedness (if provided on a bilateral basis), as the case may be.

"**Restricted Investment**" means any Investment by the Issuer or a Restricted Subsidiary other than a Permitted Investment.

"**Restricted Subsidiary**" means any Subsidiary of the Issuer (other than an Unrestricted Subsidiary).

"Reverse Factoring" means reverse factoring arrangements or other supplier payment arrangements, including confirming lines and/or services, with banks or other financial institutions or special purpose entities, providing for the payment by such bank or financial institution or special purpose entity of supplier invoices and other trade payables owed by a Person, which payments are reimbursed by the Person in accordance with the terms of such lines or arrangements, in each case entered in the ordinary course of business and/or consistent with past practice.

"**Revolving Credit Facility**" means the super senior revolving credit facility established pursuant to the Revolving Credit Facility Agreement.

"**Revolving Credit Facility Agreement**" means the agreement governing the Revolving Credit Facility to be entered into on or about the Issue Date, by and among, inter alios, the Issuer as borrower, the original lenders indicated therein, the mandated lead arrangers indicated therein, and UniCredit S.p.A. as agent and the Security Agent.

"**S&P**" means Standard & Poor's Ratings Services, a division of McGraw Hill, Inc., or any of its successors or assigns that is a Nationally Recognized Statistical Rating Organization.

"**Sale and Leaseback Transaction**" means any arrangement providing for the leasing by the Issuer or any Restricted Subsidiary of any real or tangible personal property, which property has been or is to be sold or transferred by the Issuer or such Restricted Subsidiary to a third Person in contemplation of such leasing.

"**SEC**" means the U.S. Securities and Exchange Commission.

"**Securities Act**" means the U.S. Securities Act of 1933, as amended and the rules and regulations of the SEC promulgated thereunder, as amended.

"**Security Documents**" means the security agreements, pledge agreements, collateral assignments, and any other instrument and document executed and delivered pursuant to the Indenture or otherwise or any of the foregoing, as the same may be amended, supplemented or otherwise modified from time to time, creating the security interests in the Collateral as contemplated by the Indenture.

"**Security Interests**" means the security interests in the Collateral that are created by the Security Documents.

"**Senior Secured Indebtedness**" means any Indebtedness secured by a Lien on the Collateral on a basis *pari passu* with or senior to the security in favor of the Notes or the Notes Guarantees.

"**Significant Subsidiary**" means any Restricted Subsidiary that meets any of the following conditions:

(1) the Issuer's and the Restricted Subsidiaries' investments in and advances to the Restricted Subsidiary exceed 10% of the total assets of the Issuer on a consolidated basis as of the end of the most recently completed fiscal year;

(2) the Issuer's and the Restricted Subsidiaries' proportionate share of the total assets (after intercompany eliminations) of the Restricted Subsidiary exceeds 10% of the total assets of the Issuer on a consolidated basis as of the end of the most recently completed fiscal year; or

(3) the Issuer's and the Restricted Subsidiaries' proportionate share of the Consolidated EBITDA of the Restricted Subsidiary exceeds 10% of the Consolidated EBITDA of the Issuer on a consolidated basis for the most recently completed fiscal year.

"**Similar Business**" means (a) any businesses, services or activities engaged or proposed to be engaged in by the Issuer or any of its Subsidiaries or any Associates on the Issue Date and (b) any businesses, services and activities that are related, complementary, incidental, ancillary or similar to any of the foregoing or are extensions or developments of any thereof.

"**Specified Asset Disposal**" means any disposition by the Issuer or any Restricted Subsidiary to a Person other than the Issuer or a Restricted Subsidiary of Capital Stock, properties, activities or assets in a single transaction or series of related transactions for which the Issuer or any Restricted Subsidiary receives Net Available Cash in excess of €15.0 million (as determined in good faith by the Issuer).

"**Specified Asset Disposal Mandatory Redemption Floor**" means an aggregate principal amount of the Notes, the redemption of which would cause at least €200.0 million of the original aggregate principal amount of the Notes (including the original principal amount of any Additional Notes) to remain outstanding immediately after each such redemption.

"**Standard Securitization Undertakings**" means representations, warranties, covenants, indemnities and guarantees of performance entered into by the Issuer or any Subsidiary of the Issuer which an Officer of the Issuer has determined in good faith to be customary in a Qualified Receivables Financing or other non-recourse Receivables Financings, including those relating to the servicing of the assets of a Receivables Subsidiary, it being understood that any Receivables Repurchase Obligation shall be deemed to be a Standard Securitization Undertaking.

"**Stated Maturity**" means, with respect to any security, the date specified in such security as the fixed date on which the payment of principal of such security is due and payable, including pursuant to any mandatory redemption provision, but shall not include any contingent obligations, including those described in "—*Change*

of Control" and the conditions under "*—Certain Covenants—Limitation on Sales of Assets and Subsidiary Stock*," to repay, redeem or repurchase any such principal prior to the date originally scheduled for the payment thereof.

"**Subordinated Indebtedness**" means (a) any Indebtedness of the Issuer that is expressly subordinate in right of payment to the Notes and (b) any Indebtedness of a Guarantor that is expressly subordinated in right of payment to such Guarantor's Notes Guarantee.

"**Subordinated Shareholder Funding**" means, collectively, any funds provided to the Issuer by any Parent, any Affiliate of any Parent, in exchange for or pursuant to any security, instrument or agreement other than Capital Stock, in each case issued to and held by any of the foregoing Persons, together with any such security, instrument or agreement and any other security or instrument other than Capital Stock issued in payment of any obligation under any Subordinated Shareholder Funding; *provided*, *however*, that such Subordinated Shareholder Funding:

(1) does not mature or require any amortization, redemption or other repayment of principal or any sinking fund payment prior to the first anniversary of the Stated Maturity of the Notes (other than through conversion or exchange of such funding into Capital Stock (other than Disqualified Stock) of the Issuer or any funding meeting the requirements of this definition) or the making of any such payment prior to the first anniversary of the Stated Maturity of the Notes is restricted by the Intercreditor Agreement, an Additional Intercreditor Agreement or another intercreditor agreement;

(2) does not require, prior to the first anniversary of the Stated Maturity of the Notes, payment of cash interest, cash withholding amounts or other cash gross-ups, or any similar cash amounts or the making of any such payment prior to the first anniversary of the Stated Maturity of the Notes is restricted by the Intercreditor Agreement or an Additional Intercreditor Agreement;

(3) contains no change of control, asset sale or similar provisions and does not accelerate and has no right to declare a default or event of default or take any enforcement action or otherwise require any cash payment, in each case, prior to the first anniversary of the Stated Maturity of the Notes or the payment of any amount as a result of any such action or provision or the exercise of any rights or enforcement action, in each case, prior to the first anniversary of the Stated Maturity of the Notes is restricted by the Intercreditor Agreement or an Additional Intercreditor Agreement;

(4) does not provide for or require any security interest or encumbrance over any asset of the Issuer or any of its Subsidiaries; and

(5) pursuant to its terms or the terms of the Intercreditor Agreement, an Additional Intercreditor Agreement or another intercreditor agreement, is fully subordinated and junior in right of payment to the Notes pursuant to subordination, payment blockage and enforcement limitation terms which are customary in all material respects for similar funding or are no less favorable in any material respect to Holders than those contained in the Intercreditor Agreement as in effect on the Issue Date with respect to the "Subordinated Liabilities" (as defined therein, *mutatis mutandis*).

"**Subsidiary**" means, with respect to any Person:

(1) any corporation, association, or other business entity (other than a partnership, joint venture, limited liability company or similar entity) of which more than 50% of the total voting power of shares of Capital Stock entitled (without regard to the occurrence of any contingency) to vote in the election of directors, managers or trustees thereof is at the time of determination owned or controlled, directly or indirectly, by such Person or one or more of the other Subsidiaries of that Person or a combination thereof; or

(2) any partnership, joint venture, limited liability company or similar entity of which:

    (a) more than 50% of the capital accounts, distribution rights, total equity and voting interests or general or limited partnership interests, as applicable, are owned or controlled, directly or indirectly, by such Person or one or more of the other Subsidiaries of that Person or a combination thereof whether in the form of membership, general, special or limited partnership interests or otherwise; and

    (b) such Person or any Subsidiary of such Person is a controlling general partner or otherwise controls such entity.

"**Tax Sharing Agreement**" means any tax sharing or profit and loss pooling or similar agreement with customary or arm's-length terms entered into with any Parent or Unrestricted Subsidiary, as the same may be amended, supplemented, waived or otherwise modified from time to time in accordance with the terms thereof and of the Indenture, and any arrangements or transactions made between the Issuer and/or any of its Subsidiaries and/or any Parent in order to satisfy the obligations arising under any such Tax Sharing Agreement (including, for the avoidance of doubt, distributions for purposes of compensating accounting losses in relation to a profit and loss pooling agreement and/or upstream loans to any parent company to enable a parent company to compensate the Issuer or such Subsidiary for losses incurred which may need to be compensated by a parent company under any profit and loss pooling agreement).

"**Taxes**" means all present and future taxes, levies, imposts, deductions, charges, duties and withholdings and any charges of a similar nature (including interest and penalties with respect thereto) that are imposed by any government or other taxing authority and "Tax" will be construed accordingly.

"**Temporary Cash Investments**" means any of the following:

(1) any investment in:

(a) direct obligations of, or obligations Guaranteed by, (i) the United States of America or Canada, (ii) any European Union member state, (iii) Norway, Switzerland or the United Kingdom, (iv) any country in whose currency funds are being held specifically pending application in the making of an investment or capital expenditure by the Issuer or a Restricted Subsidiary in that country with such funds or (v) any agency or instrumentality of any such country or member state; or

(b) direct obligations of any country recognized by the United States of America rated at least "A" by S&P, "A" by Fitch or "A-1" by Moody's (or, in each case, the equivalent of such rating by such organization or, if no rating of S&P, Fitch or Moody's then exists, the equivalent of such rating by any Nationally Recognized Statistical Rating Organization);

(2) overnight bank deposits, and investments in time deposit accounts, certificates of deposit, bankers' acceptances and money market deposits (or, with respect to foreign banks, similar instruments) maturing not more than one year after the date of acquisition thereof issued by:

(a) any lender under the Revolving Credit Facility Agreement;

(b) any institution authorized to operate as a bank in any of the countries or member states referred to in sub-clause (1)(a) above; or

(c) any bank or trust company organized under the laws of any such country or member state or any political subdivision thereof,

in each case, having capital and surplus aggregating in excess of €250 million (or the foreign currency equivalent thereof) and whose long-term debt is rated at least "A–" by S&P or Fitch or "A-3" by Moody's (or, in each case, the equivalent of such rating by such organization or, if no rating of S&P, Fitch or Moody's then exists, the equivalent of such rating by any Nationally Recognized Statistical Rating Organization) at the time such Investment is made;

(3) repurchase obligations with a term of not more than 30 days for underlying securities of the types described in clause (1) or (2) above entered into with a Person meeting the qualifications described in clause (2) above;

(4) Investments in commercial paper, maturing not more than 270 days after the date of acquisition, issued by a Person (other than a Restricted Subsidiary or the Issuer), with a rating at the time as of which any Investment therein is made of "P-2" (or higher) according to Moody's or "A-2" (or higher) according to S&P (or, in either case, the equivalent of such rating by such organization or, if no rating of S&P or Moody's then exists, the equivalent of such rating by any Nationally Recognized Statistical Rating Organization);

(5) Investments in securities maturing not more than one year after the date of acquisition issued or fully Guaranteed by any state, commonwealth or territory of the United States of America, Canada, any European Union member state or Norway, Switzerland or the United Kingdom or by any political

subdivision or taxing authority of any such state, commonwealth, territory, country or member state, and rated at least "BBB—" by S&P or "Baa3" by Moody's (or, in either case, the equivalent of such rating by such organization or, if no rating of S&P or Moody's then exists, the equivalent of such rating by any Nationally Recognized Statistical Rating Organization);

(6) bills of exchange issued in the United States, Canada, a member state of the European Union, Norway, Switzerland, the United Kingdom or Japan eligible for rediscount at the relevant central bank and accepted by a bank (or any dematerialized equivalent);

(7) any money market deposit accounts issued or offered by a commercial bank organized under the laws of a country that is a member of the Organization for Economic Co-operation and Development, in each case, having capital and surplus in excess of €250 million (or the foreign currency equivalent thereof) or whose long term debt is rated at least "A–" by S&P or Fitch or "A-3" by Moody's (or, in either case, the equivalent of such rating by such organization or, if no rating of S&P, Fitch or Moody's then exists, the equivalent of such rating by any Nationally Recognized Statistical Rating Organization) at the time such Investment is made;

(8) investment funds investing 95% of their assets in securities of the type described in clauses (1) through (7) above (which funds may also hold reasonable amounts of cash pending investment or distribution); and

(9) investments in money market funds complying with the risk limiting conditions of Rule 2a-7 (or any successor rule) of the SEC under the U.S. Investment Company Act of 1940, as amended.

"**Transaction Expenses**" means any fees or expenses Incurred or paid by the Issuer or any Restricted Subsidiary in connection with the Transactions, including any fees, costs and expenses associated with settling any claims or action arising from a dissenting stockholder exercising its appraisal rights.

"**Transactions**" shall have the meaning assigned to the term "Refinancing" in this Offering Memorandum under the caption "*Summary*."

"**U.S. GAAP**" means generally accepted accounting principles in the United States of America as in effect from time to time.

"**Uniform Commercial Code**" means the New York Uniform Commercial Code.

"**Unrestricted Subsidiary**" means:

(1) any Subsidiary of the Issuer that at the time of determination is an Unrestricted Subsidiary (as designated by the Board of Directors of the Issuer in the manner provided below); and

(2) any Subsidiary of an Unrestricted Subsidiary.

The Board of Directors of the Issuer may designate any Subsidiary of the Issuer (including any newly acquired or newly formed Subsidiary or a Person becoming a Subsidiary through merger, consolidation or other business combination transaction, or Investment therein) to be an Unrestricted Subsidiary only if:

(1) such Subsidiary or any of its Subsidiaries does not own any Capital Stock or Indebtedness of, or own or hold any Lien on any property of, the Issuer or a Guarantor; and

(2) such designation and the Investment of the Issuer or the relevant Restricted Subsidiary in such Subsidiary would not be prohibited under "*—Certain Covenants—Limitation on Restricted Payments*."

Any such designation by the Board of Directors of the Issuer shall be evidenced to the Trustee by filing with the Trustee a copy of the resolution of the Board of Directors of the Issuer giving effect to such designation and an Officer's Certificate certifying that such designation complies with the foregoing conditions.

The Board of Directors of the Issuer may designate any Unrestricted Subsidiary to be a Restricted Subsidiary; *provided* that immediately after giving effect to such designation (1) no Default or Event of Default would result therefrom and (2)(x) the Issuer could Incur at least €1.00 of additional Indebtedness under clause (1) of the first paragraph of the covenant described under "*—Certain Covenants—Limitation on Indebtedness*" or (y) the Fixed Charge Coverage Ratio would not be less than it was immediately prior to giving effect to such designation, in

each case, on a *pro forma* basis taking into account such designation. Any such designation by the Board of Directors of the Issuer shall be evidenced to the Trustee by promptly filing with the Trustee a copy of the resolution of the Board of Directors giving effect to such designation or an Officer's Certificate certifying that such designation complied with the foregoing provisions.

"**Voting Stock**" of a Person means all classes of Capital Stock of such Person then outstanding and normally entitled to vote in the election of directors.

"**Wholly Owned Subsidiary**" means a Restricted Subsidiary, all of the Capital Stock of which (other than directors' qualifying shares or shares required by any applicable law or regulation to be held by a Person other than the Issuer or another Wholly Owned Subsidiary) is owned by the Issuer or another Wholly Owned Subsidiary.

BOOK-ENTRY, DELIVERY AND FORM

General

Each series of Notes sold to QIBs in reliance on Rule 144A (the "**Rule 144A Notes**") under the U.S. Securities Act will initially be represented by one or more global notes in registered form without interest coupons attached (collectively, the "**Rule 144A Global Notes**"). The Rule 144A Global Notes will be deposited with, or on behalf of, a common depositary (the "**Common Depositary**") for the accounts of Euroclear Bank SA/NV, as operator of the Euroclear system ("**Euroclear**"), and Clearstream Banking, S.A. ("**Clearstream**") and registered in the name of the nominee of the Common Depositary.

Each series of Notes sold outside the United States in reliance on Regulation S (the "**Regulation S Notes**") under the U.S. Securities Act will initially be represented by one or more global notes in registered form without interest coupons attached (collectively, the "**Regulation S Global Notes**" and, together with the Rule 144A Global Notes, the "**Global Notes**"). The Regulation S Global Notes will be deposited with, or on behalf of, the Common Depositary for the accounts of Euroclear and Clearstream and registered in the name of the nominee of the Common Depositary.

Except as set forth below, the Notes will be issued in registered global form in minimum denominations of €100,000 and integral multiples of €1,000 in excess thereof. Notes will be issued at the closing of the Offering only against payment in immediately available funds.

Ownership of interests in the Rule 144A Global Notes (the "**Restricted Book-Entry Interests**") and in the Regulation S Global Notes (the "**Regulation S Book-Entry Interests**" and, together with the Restricted Book-Entry Interests, the "**Book-Entry Interests**") will be limited to persons that have accounts with Euroclear and/or Clearstream, or persons that hold interests through such participants or otherwise in accordance with applicable transfer restrictions set out in the Indenture governing the Notes and any applicable securities laws of any state of the United States or any other jurisdiction. Euroclear and Clearstream will hold interests in the Global Notes on behalf of their participants through customers' securities accounts in their respective names on the books of their respective depositaries. Except under the limited circumstances described below, owners of the Book-Entry Interests will not be entitled to receive physical delivery of certificated Notes.

Book-Entry Interests will be shown on, and transfers thereof will be done only through, records maintained in book-entry form by Euroclear and Clearstream and their respective participants. The laws of some jurisdictions, including certain states of the United States, may require that certain purchasers of securities take physical delivery of such securities in definitive certificated form. The foregoing limitations may impair your ability to own, transfer or pledge Book-Entry Interests. In addition, while the Notes are in global form, holders of Book-Entry Interests will not be considered the "holders" of Notes for any purpose under the Indenture.

So long as the Notes are held in global form, the common depositary for Euroclear and/or Clearstream (or its nominee) will be considered the sole holders of Global Notes for all purposes under the Indenture. In addition, participants in Euroclear and/or Clearstream must rely on the procedures of Euroclear and/or Clearstream, as the case may be, and indirect participants must rely on the procedures of Euroclear, Clearstream and the participants through which they own Book-Entry Interests, to transfer their interests or to exercise any rights of holders under the Indenture.

None of the Issuer, the Trustee, the Paying Agent, the Transfer Agent, the Registrar, nor any of their respective agents will have any responsibility or be liable for any aspect of the records relating to the Book-Entry Interests.

Redemption of the Global Notes

In the event that any Global Note (or any portion thereof) is redeemed, Euroclear and/or Clearstream (or their respective nominees), as applicable, will distribute the amount received by it in respect of the Global Note so redeemed to the holders of the Book-Entry Interests in such Global Note from the amount received by them in respect of the redemption of such Global Note. The Common Depositary will surrender such Global Note to the Registrar for a cancellation or, in the case of a partial redemption, the Common Depositary will request the Registrar or the Trustee to mark down, endorse and return the applicable Global Note to reflect the reduction in the principal amount of such Global Note as a result of such partial redemption. The redemption price payable in connection with the redemption of such Book-Entry Interests will be equal to the amount received by Euroclear and/or Clearstream, as applicable, in connection with the redemption of such Global Note (or any portion thereof). The Issuer understands that, under existing practices of Euroclear and Clearstream, if fewer than all of the Notes

are to be redeemed at any time, Euroclear and Clearstream will credit their respective participants' accounts on a proportionate basis (with adjustments to prevent fractions) or by lot or on such other basis as they deem fair and appropriate in accordance with their respective operational procedures; *provided*, *however*, that no Book-Entry Interest of less than €100,000 in principal amount may be redeemed in part.

Payments on Global Notes

The Issuer will make payments of any amounts owing in respect of the relevant Global Notes (including principal, premium, if any, interest and additional amounts, if any) to the Paying Agent, who will make payments to Euroclear and Clearstream, which will distribute such payments to participants in accordance with their respective procedures. The Issuer expects that standing customer instructions and customary practices will govern payments by participants to owners of Book-Entry Interests held through such participants.

Under the terms of the Indenture, the Issuer, the Trustee, the Paying Agent, the Transfer Agent, the Registrar and any of their respective agents will treat the registered holders of the Global Notes (*i.e.*, Euroclear or Clearstream (or their respective nominees)) as the owners thereof for the purpose of receiving payments and for all other purposes. Consequently, none of the Issuer, the Trustee, the Paying Agent, the Transfer Agent, the Registrar, nor any of their respective agents has or will have any responsibility or liability for:

- any aspect of the records of Euroclear, Clearstream or any participant or indirect participant relating to, or payments made on account of, a Book-Entry Interest, for any such payments made by Euroclear, Clearstream or any participant or indirect participant, or for maintaining, supervising or reviewing the records of Euroclear, Clearstream or any participant or indirect participant relating to, or payments made on account of, a Book-Entry Interest;

- payments made by Euroclear, Clearstream or any participant or indirect participant, or for maintaining, supervising or reviewing the records of Euroclear, Clearstream or any participant or indirect participant relating to, or payments made on account of, a Book-Entry Interest;

- Euroclear, Clearstream or any participant or indirect participant;

- any other matters relating to the actions and practices of Euroclear, Clearstream or any participant or indirect participant; or

- the records of the common depositary.

Payments by participants to owners of Book-Entry Interests held through participants are the responsibility of such participants, as is now the case with securities held for the accounts of subscribers registered in "street name". Payments on the Global Notes to owners of Book-Entry Interests are subject to the applicable procedures of Euroclear and Clearstream and are not the responsibility of the Issuer or the Paying Agent.

The Issuer understands that Euroclear's and Clearstream's applicable procedures apply a record date in respect of interest payments to owners of Book-Entry Interests of one business day prior to the applicable interest payment date, regardless of the record date specified in the Indenture.

Currency of payment for the Global Notes

The principal of, premium, if any, and interest on, and all other amounts payable in respect of, the Global Notes will be paid to holders of interests in such Notes through Euroclear and/or Clearstream in euro.

Payments will be subject in all cases to any fiscal or other laws and regulations (including any regulations of the applicable clearing system) applicable thereto. None of the Issuer, the Trustee, the Paying Agent, the Transfer Agent, the Registrar, and the Initial Purchasers, nor any of their respective agents, will be liable to any holder of a Global Note or any other person for any commissions, costs, losses or expenses in relation to or resulting from any currency conversion or rounding effected in connection with any such payment. Holders may be subject to foreign exchange risks that may have economic and tax consequences to them.

Action by owners of Book-Entry Interests

Euroclear and Clearstream have advised the Issuer that they will take any action permitted to be taken by a holder of the Notes only at the direction of one or more participants to whose account the Book-Entry Interests in the Global Notes are credited and only in respect of such portion of the aggregate principal amount of Notes as to

which such participant or participants has or have given such direction. Euroclear and Clearstream will not exercise any discretion in the granting of consents, waivers or the taking of any other action in respect of the Global Notes. However, if there is an event of default under the Notes (as defined under "*Description of the Notes—Events of Default*"), each of Euroclear and Clearstream, at the request of the holders of such Notes, reserves the right to exchange the Global Notes for definitive registered Notes in certificated form (the "**Definitive Registered Notes**"), and to distribute such Definitive Registered Notes to its participants.

Transfers

Transfers of beneficial interests in the Global Notes will be subject to the applicable rules and procedures of Euroclear and Clearstream and their respective direct or indirect participants, which rules and procedures may change from time to time. If a holder requires physical delivery of Definitive Registered Notes for any reason, including to sell the Notes to persons in states which require physical delivery of such securities or to pledge such securities, such holder must transfer its interest in the Global Notes in accordance with the normal procedures of Euroclear and Clearstream and in accordance with the provisions of the Indenture.

The Global Notes will bear a legend to the effect set forth in "*Transfer Restrictions.*" Book-Entry Interests in the Global Notes will be subject to the restrictions on transfers and certification requirements as discussed in "*Transfer restrictions.*"

Transfers of Restricted Book-Entry Interests to persons wishing to take delivery of Restricted Book-Entry Interests will at all times be subject to the transfer restrictions contained in the legend appearing on the face of the Rule 144A Global Note, as set forth in "*Transfer Restrictions.*"

Restricted Book-Entry Interests may be transferred to a person who takes delivery in the form of a Regulation S Book-Entry Interest only upon delivery by the transferor of a written certification (in the form provided in the Indenture) to the effect that such transfer is being made in accordance with Regulation S or Rule 144A or any other exemption (if available) under the U.S. Securities Act.

Regulation S Book-Entry Interests may be transferred to a person who takes delivery in the form of a Restricted Book-Entry Interest only upon delivery by the transferor of a written certification (in the form provided in the Indenture) to the effect that such transfer is being made to a person who the transferor reasonably believes is a "qualified institutional buyer" within the meaning of Rule 144A under the U.S. Securities Act in a transaction meeting the requirements of Rule 144A under the U.S. Securities Act or otherwise in accordance with the transfer restrictions described under "*Transfer Restrictions*," and in accordance with any applicable securities laws of any state of the United States or any other jurisdiction.

In connection with transfers involving an exchange of a Regulation S Book-Entry Interest for a Restricted Book-Entry Interest, appropriate adjustments will be made to reflect a decrease in the principal amount of the Regulation S Global Note and a corresponding increase in the principal amount of the Rule 144A Global Note.

Any Book-Entry Interest in one of the Global Notes that is transferred to a person who takes delivery in the form of a Book-Entry Interest in any other Global Note will, upon transfer, cease to be a Book-Entry Interest in the first mentioned Global Note and become a Book-Entry Interest in such other Global Note and, accordingly, will thereafter be subject to all transfer restrictions, if any, and other procedures applicable to Book-Entry Interests in such other Global Note for as long as it remains such a Book-Entry Interest.

Definitive Registered Notes may be transferred and exchanged for Book-Entry Interests in a Global Note only as described under "*Description of the Notes—Transfer and Exchange*" and, if required, only if the transferor first delivers to the Trustee a written certificate (in the form provided in the Indenture) to the effect that such transfer will comply with the appropriate transfer restrictions applicable to such Notes.

The Notes represented by the Global Notes are expected to be listed on the Official List of the LuxSE and to be admitted to trading on the Euro MTF Market. Transfers of interests in the Global Notes between participants in Euroclear and Clearstream will be effected in the ordinary way in accordance with their respective rules and operating procedures, which rules and operating procedures may change from time to time.

Although Euroclear and Clearstream currently follow the foregoing procedures in order to facilitate transfers of interests in the Global Notes among participants in Euroclear or Clearstream, as the case may be, they are under no obligation to perform or continue to perform such procedures, and such procedures may be discontinued or modified at any time. None of the Issuer, the Trustee, the Paying Agent, the Transfer Agent, the Registrar or any of their respective agents will have any responsibility for the performance by Euroclear or Clearstream or their

respective participants or indirect participants of their respective obligations under the rules and procedures governing their operations.

Definitive registered notes

Under the terms of the Indenture, owners of Book-Entry Interests will receive Definitive Registered Notes if:

- Euroclear or Clearstream notifies the Issuer that it is unwilling or unable to continue to act as depositary for the Global Notes, and the Issuer fails to appoint a successor depositary within 120 days;
- Euroclear or Clearstream so requests following an event of default under the Indenture; or
- the owner of a Book-Entry Interest requests such exchange in writing delivered through either Euroclear or Clearstream, as applicable, following an event of default under the Indenture.

Euroclear has advised the Issuer that upon request by an owner of a Book-Entry Interest, its current procedure is to request that the Issuer issue or cause to be issued Notes in definitive registered form to all owners of Book-Entry Interests.

In such an event, the Issuer will issue Definitive Registered Notes, registered in the name or names and issued in any approved denominations, requested by or on behalf of Euroclear and/or Clearstream, as applicable (in accordance with their respective customary procedures and based upon directions received from participants reflecting the beneficial ownership of Book-Entry Interests), and such Definitive Registered Notes will bear the restrictive legend set forth in "*Transfer Restrictions*," unless that legend is not required by the Indenture or applicable law.

To the extent permitted by law, each of the Issuer, the Trustee, the Paying Agent, the Registrar and the Transfer Agent shall be entitled to treat the registered holder of any Global Note as the absolute owner thereof and no person will be liable for treating the registered holder as such.

In the case of the issuance of Definitive Registered Notes, the holder of a Definitive Registered Note may transfer such Note by surrendering it to the Registrar. In the event of a partial transfer or a partial redemption of a holding of Definitive Registered Notes represented by one Definitive Registered Note, a Definitive Registered Note will be issued to the transferee in respect of the part transferred, and a new Definitive Registered Note in respect of the balance of the holding not transferred or redeemed will be issued to the transferor or the holder, as applicable; *provided* that no Definitive Registered Note in a denomination less than €100,000 and in integral multiples of €1,000, in excess thereof, will be issued. We will not impose any fees or other charges in respect of the Notes; however, owners of the Book-Entry Interests may incur fees normally payable in respect of the maintenance and operation of accounts in Euroclear and/or Clearstream, as applicable.

If Definitive Registered Notes are issued and a holder thereof claims that such Definitive Registered Notes have been lost, destroyed or wrongfully taken or if such Definitive Registered Notes are mutilated and are surrendered to the Registrar or at the office of a Transfer Agent, the Issuer will issue and the Trustee (or its authenticating agent) will authenticate a replacement Definitive Registered Note if such Trustee's and the Issuer's requirements are met. The Issuer and the Trustee may require a holder requesting replacement of a Definitive Registered Note to furnish an indemnity bond sufficient in the judgment of both the Trustee and us to protect us, the Trustee and authenticating agent, the Registrar, the Transfer Agent or the Paying Agent appointed pursuant to the Indenture from any loss which any of them may suffer if a Definitive Registered Note is replaced. The Issuer may charge for the expenses of replacing a Definitive Registered Note.

In case any such mutilated, destroyed, lost or stolen Definitive Registered Note has become or is about to become due and payable, or is about to be redeemed or purchased by us pursuant to the provisions of the Indenture, the Issuer in its discretion may, instead of issuing a new Definitive Registered Note, pay, redeem or purchase such Definitive Registered Note, as the case may be.

Definitive Registered Notes may be transferred and exchanged for Book-Entry Interests in a Global Note only in accordance with the Indenture and, if required, only after the transferor first delivers to the Transfer Agent a written certification (in the form provided in the Indenture) to the effect that such transfer will comply with the transfer restrictions applicable to such Notes. See "*Transfer Restrictions.*"

So long as the Notes are listed on the Official List of the LuxSE and the rules of the LuxSE so require, the Issuer will publish a notice of any issuance of Definitive Registered Notes in a newspaper having general circulation in

Luxembourg (which we expect to be the *Luxemburger Wort*). Payment of principal, any repurchase price, premium and interest on Definitive Registered Notes will be payable at the office of the paying agent so long as the Notes are listed on the Official List of the LuxSE and the rules of the LuxSE so require.

Global clearance and settlement under the Book-Entry system

Initial settlement

Initial settlement for the Notes will be made in euro. Book-Entry Interests owned through Euroclear or Clearstream accounts will follow the settlement procedures applicable to conventional bonds in registered form. Book-Entry Interests will be credited to the securities custody accounts of Euroclear and Clearstream holders on the business day following the settlement date against payment for value of the settlement date.

Secondary market trading

The Book-Entry Interests will trade through participants of Euroclear or Clearstream and will settle in same-day funds. Since the purchase determines the place of delivery, it is important to establish at the time of trading of any Book-Entry Interests where both the purchaser's and the seller's accounts are located to ensure that settlement can be made on the desired value date.

Special timing considerations

You should be aware that investors will only be able to make and receive deliveries, payments and other communications involving Notes through Euroclear or Clearstream on days when those systems are open for business.

In addition, because of time-zone differences, there may be complications with completing transactions involving Clearstream and/or Euroclear on the same business day as in the United States. U.S. investors who wish to transfer their interests in the Notes, or to receive or make a payment or delivery of Notes, on a particular day, may find that the transactions will not be performed until the next business day in Luxembourg if Clearstream is used, or in Brussels if Euroclear is used.

Clearing information

We expect that the Notes will be accepted for clearance through the facilities of Euroclear and Clearstream. The international securities identification numbers and common codes for the Notes are set out under "*Listing and general information.*"

Information concerning Euroclear and Clearstream

All Book-Entry Interests will be subject to the operations and procedures of Euroclear and Clearstream, as applicable.

The Issuer provides the following summaries of those operations and procedures solely for the convenience of investors. The operations and procedures of each settlement system are controlled by that settlement system and may be changed at any time. None of the Issuer, the Initial Purchasers, the Trustee, the Paying Agent, the Transfer Agent or the Registrar, nor any of their respective agents, are responsible for those operations or procedures.

Euroclear and Clearstream hold securities for participating organizations. They also facilitate the clearance and settlement of securities transactions between their respective participants through electronic book-entry changes in the accounts of such participants. Euroclear and Clearstream provide various services to their participants, including the safekeeping, administration, clearance, settlement, lending and borrowing of internationally traded securities. Euroclear and Clearstream interface with domestic securities markets in several countries. Euroclear and Clearstream participants are financial institutions, such as underwriters, securities brokers and dealers, banks, trust companies and certain other organizations. Indirect access to Euroclear and Clearstream is also available to others such as banks, brokers, dealers and trust companies that clear through or maintain a custodial relationship with a Euroclear and Clearstream participant, either directly or indirectly.

Because Euroclear and Clearstream can only act on behalf of participants, who in turn act on behalf of indirect participants and certain banks, the ability of an owner of a beneficial interest to pledge such interest to persons or entities that do not participate in the Euroclear or Clearstream systems, or otherwise take actions in respect of such interest, may be limited by the lack of a definite certificate for that interest. The laws of some jurisdictions require

that certain persons take physical delivery of securities in definitive form. Consequently, the ability to transfer beneficial interests to such person may be limited. In addition, owners of beneficial interests through the Euroclear or Clearstream systems will receive distributions attributable to the Rule 144A Global Notes only through Euroclear or Clearstream participants.

TAXATION

The information provided below does not purport to be a complete analysis of the tax law and practice currently applicable in the European Union, Italy and the United States and does not purport to address the tax consequences applicable to all categories of investors, some of which may be subject to special rules.

Prospective purchasers of the Notes are advised to consult with their own tax advisors as to the tax consequences of the purchase, ownership and disposition of Notes including, without limitation, the consequences of receipt of interest and premium paid (if any), and the sale or redemption of the Notes or any interest therein.

The summaries set forth below are based upon, as applicable, European Union, Italian or United States law as in effect on the date of this Offering Memorandum and are subject to any change in such law that may take effect after such date, also on a retroactive basis. References in this section to holders of the Notes include the beneficial owners of the Notes. Terms defined under each subsection related to European Union, Italian and United States tax law below only have such meanings as defined therein for such respective section. The statements regarding the Italian and United States laws and practices set forth below assume that the Notes will be issued, and the transfers thereof will be made, in accordance with the Indenture.

Certain Italian tax considerations

The statements herein regarding Italian taxation are based on the laws and published practice of the Italian tax authorities in effect in Italy as of the date of this Offering Memorandum and are subject to any changes in law occurring after such date, which changes could be made on a retroactive basis. In this regard, Law No. 111 of August 9, 2023, mandates the Italian government to comprehensively reform the Italian tax system also with respect to the taxation of financial instruments. Although the details of the reform are not currently available, it can be anticipated that this could materially change the framework as summarized in the present document. The following is a summary only of the material Italian tax consequences of the purchase, ownership and disposal of the Notes for Italian resident and non-Italian resident beneficial owners, although it is not intended to be, nor should it be constructed to be, legal or tax advice. The following summary does not purport to be a comprehensive description of all the tax considerations which may be relevant to a decision to purchase, own or dispose of the Notes and does not purport to deal with the tax consequences applicable to all categories of investors, some of which (such as dealers in securities or commodities) may be subject to special rules. Neither the Issuer nor any other entity belonging to the Group will update this summary to reflect changes in law or in the interpretation thereof and, if any such change occurs, the information in this summary could be superseded.

Tax treatment of interest

Italian Legislative Decree No. 239 of April 1, 1996 ("**Decree No. 239**") sets forth the applicable regime regarding the tax treatment of interest, premium and other income (including the difference between the redemption amount and the issue price, hereinafter collectively referred to as "**Interest**") deriving from Notes falling within the category of bonds (*obbligazioni*) and similar securities (pursuant to Article 44 of Presidential Decree No. 917 of December 22, 1986, as amended and supplemented ("**Decree No. 917**")), issued, *inter alia*, by:

(a) companies resident of Italy for tax purposes whose shares are listed on a qualifying regulated market or on a multilateral trading platform of EU Member States or States party to the EEA Agreement allowing a satisfactory exchange of information with the Italian tax authorities, as included in (i) the Italian Ministerial Decree of September 4, 1996, as subsequently amended and supplemented or (ii) once effective, any other decree that will be issued in the future under Article 11 (par. 4) (c) of Decree 239 (the "**White List States**");

(b) companies resident of Italy for tax purposes whose shares are not listed, issuing notes traded (*negoziati*) upon their issuance on the aforementioned regulated markets or platforms; or

(c) if not traded on the aforementioned markets or multilateral trading platforms, when such notes are subscribed for by, held by and transferred among "qualified investors" only, as defined under Article 100 of the Italian Securities Act.

Italian-resident Noteholders

For these purposes, securities similar to bonds (*titoli similari alle obbligazioni*) are securities that incorporate an unconditional obligation for the Issuer to actually pay, at maturity, an amount not lower than their nominal/face value/principal ("*valore nominale*") and that do not provide any right of direct or indirect participation in, or control on, the management of the Issuer or of the business in connection with which they are issued.

Pursuant to Decree No. 239, payments of Interest relating to Notes issued by the Issuer that qualify as *obbligazioni* or *titoli similari alle obbligazioni* are subject to a tax, referred to as *imposta sostitutiva*, levied at the rate of 26% (either when Interest is paid or when payment thereof is obtained by the holder on a sale of the Notes) where an Italian resident holder of Notes is the beneficial owner of such Notes, and is:

(a) an individual holding Notes otherwise than in connection with entrepreneurial activity; or

(b) a partnership (other than a *società in nome collettivo or società in accomandita semplice* or similar partnership) or a de facto partnership not carrying out commercial activities or a professional association; or

(c) a private or public entity (other than a company) or a trust not carrying out commercial activities (other than an Italian undertaking for collective investment); or

(d) an investor exempt from Italian corporate income taxation;

in any case, unless the Italian resident noteholder has entrusted the management of the financial assets, including the Notes, to an authorized intermediary and has validly opted for the application of the so-called *risparmio gestito* regime (the "**Asset Management Option**") pursuant to Article 7 of Italian Legislative Decree No. 461 of November 21, 1997, as amended ("**Decree No. 461**").

All the above categories are classed as "net recipients".

Where the resident holders of the Notes described in (a) and (c) above are engaged in an entrepreneurial activity to which the Notes are connected, imposta sostitutiva applies as a provisional income tax. In such a case, Interest deriving from the Notes is subject to Italian ordinary income taxation and the imposta sostitutiva may be deducted from the income taxation due by the taxpayer.

Subject to certain limitations and requirements (including a minimum holding period), Italian resident individuals not acting in connection with an entrepreneurial activity or social security entities pursuant to Legislative Decree No. 509 of June 30, 1994 and Legislative Decree No. 103 of February 10, 1996 may be exempt from any income taxation, including the imposta sostitutiva, on Interest if the Notes are included in a long-term individual savings account (*piano individuale di risparmio a lungo termine*) that meets the requirements from time to time applicable as set forth by Italian law.

Pursuant to Decree No. 239, the 26% imposta sostitutiva is applied by banks, *società di intermediazione mobiliare* (so-called "**SIMs**"), fiduciary companies, *società di gestione del risparmio*, stockbrokers and other qualified entities, identified by a decree of the Ministry of Finance, which are resident in Italy ("**Intermediaries**" and each an "**Intermediary**") or by permanent establishments in Italy of banks or intermediaries resident outside Italy or by organizations or companies non-resident in Italy, acting through a system of centralized administration of securities and directly connected with the Department of Revenue of the Ministry of Finance (which includes Euroclear and Clearstream) having appointed an Italian representative for the purposes of Decree No. 239. For the purposes of applying imposta sostitutiva, Intermediaries or permanent establishments in Italy of foreign intermediaries are required to act in connection with the collection of Interest or, in the transfer or disposal of Notes, including in their capacity as transferees. For the purpose of the application of the imposta sostitutiva, a transfer of Notes includes any assignment or other act, either with or without consideration, which results in a change in ownership of the relevant Notes or in a change in the Intermediary with which the Notes are deposited.

Payments of Interest in respect of Notes issued by the Issuer that fall within the definitions set out above are not subject to the 26% imposta sostitutiva if made to beneficial owners who are:

(a) Italian resident corporations or permanent establishments in Italy of foreign corporations to which the Notes are effectively connected;

(b) Italian resident partnerships carrying out commercial activities (*società in nome collettivo or società in accomandita semplice*);

(c) Italian resident open-ended or closed-ended collective investment funds, investment companies with fixed capital (SICAFs) or investment companies with variable capital (SICAVs) established in Italy, Italian resident pension funds referred to in Italian Legislative Decree No. 252 of December 5, 2005 ("Decree No. 252"), Italian resident real estate investment funds and Italian real estate closed-ended investment companies ("**RE SICAFs**"); and

(d) Italian residents holding Notes otherwise than in connection with entrepreneurial activity who have entrusted the management of their financial assets, including the Notes, to an authorized financial intermediary and have validly opted for the Asset Management Option.

Such categories are classed as "gross recipients". To ensure payment of Interest in respect of the Notes without the application of the 26% *imposta sostitutiva*, gross recipients must deposit the Notes together with the coupons relating to such Notes in due time directly or indirectly with an Italian authorized financial Intermediary (or permanent establishment in Italy of foreign intermediary).

Interest accrued on the Notes is not subject to *imposta sostitutiva* and is included in the corporate taxable income (and in certain circumstances, depending on the "status" of the holders of the Notes, also in the net value of production for the purpose of regional tax on productive activities, "**IRAP**") of the holders of the Notes who are Italian resident corporations or similar commercial entities or permanent establishments in Italy or foreign corporations to which the Notes are effectively connected, subject to tax in Italy in accordance with ordinary tax rules provided that the Notes together with the relevant coupons are timely deposited with an Intermediary.

Italian resident individuals holding Notes not in connection with entrepreneurial activity who have opted for the Asset Management Option are subject to a 26% annual substitute tax (the "**Asset Management Tax**") on the increase in value of the managed assets accrued at the end of each tax year (which increase would include Interest accrued on the Notes). The Asset Management Tax is applied on behalf of the taxpayer by the managing authorized intermediary.

Interest accrued on the Notes held by Italian collective investment funds, SICAVs and SICAFs is not subject to the *imposta sostitutiva*—provided that (i) Italian collective investment funds, SICAVs and SICAFs or their managers are subject to supervision of a regulatory authority and (ii) the Notes together with the relevant coupons are timely deposited with an Intermediary—but is included in the aggregate income of the Italian collective investment funds, SICAVs and SICAFs. The Italian collective investment funds, SICAVs or SICAFs will not be subject to taxation on such result, but a withholding tax of 26% will apply, in certain circumstances, to distributions made in favor of unitholders or shareholders (the "**Collective Investment Fund Substitute Tax**").

Where an Italian resident noteholder is a pension fund (subject to the regime provided for by article 17 of Italian Legislative Decree No. 252 of December 5, 2005) and the Notes together with the relevant coupons are timely deposited with an Intermediary, Interest relating to the Notes and accrued during the holding period will not be subject to imposta sostitutiva, but must be included in the result of the relevant portfolio accrued at the end of the tax period, to be subject to a 20% substitute tax (the "**Pension Fund Tax**") on the increase in value of the managed assets accrued at the end of each tax year (which increase would include Interest accrued on the Notes). Subject to certain limitations and requirements (including a minimum holding period), Interest relating to the Notes may be excluded from the taxable base of the Pension Fund Tax if the Notes are included in a long-term individual savings account (*piano individuale di risparmio a lungo termine*) that meets the requirements from time to time applicable as set forth by Italian law.

Where a holder of the Notes is an Italian resident real estate investment fund or a RE SICAF to which the provisions of Italian Law Decree No. 351 of September 25, 2001, as subsequently amended, apply, Interest accrued on the Notes will be subject neither to imposta sostitutiva, nor to any other income tax in the hands of the real estate investment fund or the RE SICAF, provided that the Notes together with the relevant coupons are timely deposited with an Intermediary. The income of the real estate fund or the SICAF is subject to tax in the hands of the unitholder on a tax transparency basis, depending on the status and percentage of participation, or, upon distribution by the real estate fund, and/or redemption or disposal of the units.

Where the Notes and the relevant coupons are not deposited with an authorized Intermediary (or permanent establishment in Italy of a foreign intermediary), *imposta sostitutiva* is applied and withheld:

(a) by any Italian bank or any Italian intermediary paying Interest to the holders of the Notes, or

(b) by the Issuer, and

(c) gross recipients that are Italian resident corporations or permanent establishments in Italy of foreign corporations to which the Notes are effectively connected are entitled to deduct any *imposta sostitutiva* suffered from income taxes due on their taxable income.

Non-Italian resident Noteholders

Pursuant to Decree No. 239, payments of Interest in respect of Notes issued by the Issuer falling within the definitions set out in "—*Italian-resident Noteholders*" above will not be subject to *imposta sostitutiva* at the rate of 26%, provided that:

(a) the payments are made to non-Italian resident beneficial owners of the Notes with no permanent establishment in Italy to which the Notes are effectively connected;

(b) such beneficial owners are residents, for tax purposes, in White List States; and

(c) all the requirements and procedures set forth in Decree No. 239 and in the relevant implementation rules, as subsequently amended, in order to benefit from the exemption from *imposta sostitutiva*, are met or complied with in due time.

Decree No. 239 also provides for additional exemptions from imposta sostitutiva for payments of Interest in respect of the Notes made to (i) international entities and organizations established in accordance with international agreements ratified in Italy, (ii) "institutional investors", whether or not subject to tax, which are established in White List States (in relation to institutional investors subject to tax the beneficial ownership requirement generally applies) and (iii) Central Banks or entities which manage, *inter alia*, the official reserves of a foreign State.

To ensure payment of Interest in respect of the Notes without the application of the *imposta sostitutiva*, non-Italian resident investors indicated above must:

(a) deposit the Notes in due time together with the coupons relating to such Notes directly or indirectly with:

    (i) an Italian or non-Italian resident bank or financial institution (there is no requirement for the bank or financial institution to be EU resident) (the "**First Level Bank**"), acting as an intermediary in the deposit of the Notes held, directly or indirectly, by the Noteholder with a Second Level Bank (as defined below); or

    (ii) an Italian resident bank or SIM, or a permanent establishment in Italy of a non-resident bank or SIM, acting as depositary or sub-depositary of the Notes appointed to maintain direct relationships, via telematic link, with the Department of Revenue of the Ministry of Economy and Finance (the "**Second Level Bank**"). Organizations and companies that are not residents of Italy, acting through a system of centralized administration of securities and directly connected with the Department of Revenue of the Italian Ministry of Economy and Finance (which includes Euroclear and Clearstream) are treated as Second Level Banks, provided that they appoint an Italian representative (an Italian resident bank or SIM, or the permanent establishment in Italy of a non-Italian resident bank or SIM, or a central depositary of financial instruments pursuant to Article 80 of Legislative Decree No. 58 of February 24, 1998) for the purposes of the application of Decree No. 239. If a non-Italian resident Noteholder deposits the Notes directly with a Second Level Bank, the latter shall be treated both as a First Level Bank and a Second Level Bank; and

(b) file in due time with the First Level Bank or Second Level Bank (as the case may be) a declaration (*autocertificazione*) stating, *inter alia*, that he or she is a resident, for tax purposes (or established, for institutional investors), in a White List State. Such declaration (*autocertificazione*) which must comply with the requirements set forth by an Italian Decree of the Ministry for the Economy and Finance of December 12, 2001 (as amended and supplemented), is valid until withdrawn or revoked and need not be submitted where a certificate, declaration or other similar document meant for equivalent uses was previously submitted to the same depository. The declaration (*autocertificazione*) is not required for non-Italian resident investors that are international entities and organizations established in accordance with international agreements ratified in Italy and Central Banks or entities which manage, *inter alia*, the official reserves of a foreign state.

The *imposta sostitutiva* will be applicable at a rate of 26% on interest paid to Noteholders who do not qualify for the foregoing exemption or do not timely and properly satisfy the requested conditions (including the procedures set forth under Decree No. 239 and in the relevant implementation rules). The 26% *imposta sostitutiva* may be reduced under the applicable double tax treaties entered into by Italy (generally to 10% or, in certain cases, to zero) subject to timely filing of required documentation provided by Measure of the Director of Italian Revenue Agency No. 2013/84404 of July 10, 2013.

Tax treatment of capital gains

Italian-resident Noteholders

Pursuant to Decree No. 461, a 26% capital gains tax (referred to as "*imposta sostitutiva*") is applicable to capital gains realized by (i) Italian resident individuals not engaged in entrepreneurial activities to which the Notes are connected, (ii) non-commercial partnerships (*societa` semplici*) or (iii) non-commercial private or public institutions, on any sale or transfer for consideration of the Notes or redemption thereof.

In respect of the application of the *imposta sostitutiva*, taxpayers may opt—under certain conditions—for any of the three regimes described below.

Under the so-called "tax declaration regime", which is the standard regime for taxation of capital gains realized by Italian resident individuals not engaged in entrepreneurial activities to the extent that they do not opt for the "*risparmio amministrato*" regime or the Asset Management Option, the 26% imposta sostitutiva on capital gains will be chargeable, on a cumulative basis, on all capital gains net of any relevant incurred capital losses realized by Italian resident individuals not engaged in entrepreneurial activities pursuant to all investment transactions carried out during any given tax year. The capital gains realized in a year net of any relevant incurred capital losses must be detailed in the relevant annual tax return to be filed with Italian tax authorities and imposta sostitutiva must be paid on such capital gains by Italian resident individuals together with any balance income tax due for the relevant tax year. Capital losses in excess of capital gains may be carried forward against capital gains realized in any of the four succeeding tax years.

Alternatively, holders of the Notes who are Italian resident individuals not engaged in entrepreneurial activities to which the Notes are connected, may elect to pay *imposta sostitutiva* separately on capital gains realized on each sale or transfer or redemption of the Notes ("*risparmio amministrato*" regime). Such separate taxation of capital gains is allowed subject to:

(a) the Notes being deposited with an Italian qualified intermediary (or permanent establishment in Italy of a foreign intermediary); and

(b) an express election for the so called *risparmio amministrato* regime being made in writing in due time by the relevant holder of the Notes.

The intermediary is responsible for accounting for imposta sostitutiva in respect of capital gains realized on each sale or transfer or redemption of the Notes, as well as on capital gains realized as at revocation of its mandate, net of any relevant incurred capital losses, and is required to pay the relevant amount to the Italian tax authorities on behalf of the holder of the Notes, deducting a corresponding amount from proceeds to be credited to the holder of the Notes. Where a sale or transfer or redemption of the Notes results in a capital loss, the intermediary is entitled to deduct such loss from gains of the same kind subsequently realized on assets held by the holder of the Notes within the same relationship of deposit in the same tax year or in the following tax years up to the fourth. Under the *risparmio amministrato* regime, any realized capital gain is not required to be included in the annual income tax return of the holders of the Notes.

Special rules apply if the holders of the Notes have entrusted the management of their financial assets (including the Notes) to an authorized intermediary and have exercised the Asset Management Option. In this case, capital gains on the Notes will not be subject to 26% imposta sostitutiva on capital gains.

In particular, under the Asset Management Option, any appreciation of the Notes, even if not realized, will contribute to determining the annual accrued appreciation of the managed portfolio, subject to 26% Asset Management Tax. Any depreciation of the managed portfolio accrued at year end may be carried forward against appreciation accrued in each of the four subsequent years. Under the Asset Management Option the realized capital gain is not required to be included in the annual income tax return of the holders of the Notes.

Subject to certain limitations and requirements (including a minimum holding period), Italian resident individuals not acting in connection with an entrepreneurial activity or social security entities pursuant to Legislative Decree No. 509 of June 30, 1994 and Legislative Decree No. 103 of February 10, 1996 may be exempt from any income taxation, including the *imposta sostitutiva*, on capital gains on the Notes if the Notes are included in a long-term individual savings account (*piano individuale di risparmio a lungo termine*) that meets the requirements from time to time applicable as set forth by Italian law.

In the case of Notes held by investment funds, SICAVs or SICAFs, capital gains on Notes contribute to determining the increase in value of the managed assets of the funds, SICAVs or SICAFs accrued at the end of each tax year. The investment funds, SICAVs or SICAFs will not be subject to taxation on such increase, but the Collective Investment Fund Substitute Tax will apply, in certain circumstances, to distributions made in favor of unitholders or shareholders.

Any capital gains realized by a holder of the Notes that is an Italian pension fund (subject to the regime provided for by Article 17 of Italian Legislative Decree No. 252 of December 5, 2005), will not be subject to imposta sostitutiva, but must be included in the result of the relevant portfolio accrued at the end of the tax period, to be subject to a 20% Pension Fund Tax on the increase in value of the managed assets accrued at the end of each tax year (which increase would include Interest accrued on the Notes). Subject to certain limitations and requirements (including a minimum holding period), capital gains in respect of Notes realized upon sale, transfer or redemption by an Italian pension fund may be excluded from the taxable base of the Pension Fund Tax if the Notes are included in a long-term individual savings account (*piano individuale di risparmio a lungo termine*) that meets the requirements from time to time applicable as set forth by Italian law.

Where a holder of the Notes is an Italian resident real estate investment fund or a RE SICAF, to which the provisions of Italian Law Decree No. 351 of September 25, 2001, as subsequently amended, apply, capital gains realized will be subject neither to imposta sostitutiva nor to any other income tax in the hands of the real estate investment fund or the RE SICAF. The income of the real estate fund or the RE SICAF is subject to tax in the hands of the unitholder on a tax transparency basis, depending on the status and percentage of participation, or, upon distribution by the real estate fund or RE SICAF and/or redemption or disposal of the units.

Any capital gains realized by Italian resident corporations or similar commercial entities or permanent establishments in Italy of non-Italian resident corporations to which the Notes are connected or Italian resident individuals engaged in an entrepreneurial activity to which the Notes are connected, will be included in their business income (and, in certain cases, may also be included in the taxable net value of production for IRAP purposes), subject to tax in Italy according to the relevant ordinary tax rules.

Non-Italian resident Noteholders

The 26% imposta sostitutiva on capital gains may in certain circumstances be payable on any capital gains realized upon the sale, transfer or redemption of the Notes by non-Italian resident individuals and corporations without a permanent establishment in Italy to which the Notes are effectively connected, if the Notes are held in Italy.

However any capital gains realized by non-Italian residents without a permanent establishment in Italy to which the Notes are effectively connected through the sale for consideration or redemption of the Notes are exempt from taxation in Italy to the extent that the Notes are listed on a regulated market (which term includes, for these purposes, also certain multilateral trading platforms) in Italy or abroad, and in certain cases subject to timely filing of required documentation (in the form of a declaration (*autocertificazione*) of non-residence in Italy) with Italian qualified intermediaries (or permanent establishments in Italy of foreign intermediaries) with which the Notes are deposited, even if the Notes are held in Italy and regardless of the provisions set forth by any applicable double tax treaty.

Where the Notes are not listed on a regulated market (which term includes, for these purposes, also certain multilateral trading platforms) in Italy or abroad:

(a) Pursuant to the provisions of Decree No. 461, non-Italian resident beneficial owners of the Notes with no permanent establishment in Italy to which the Notes are effectively connected are exempt from *imposta sostitutiva* in Italy on any capital gains realized upon sale for consideration or redemption of the Notes if they are resident for tax purposes in a White List State. Under these circumstances, if non-Italian resident beneficial owners of the Notes without a permanent establishment in Italy to which the Notes are effectively connected elect for the Asset Management Option or are subject to the *risparmio amministrato* regime, exemption from Italian capital gains tax will apply provided that they timely file with the authorized financial intermediary an appropriate declaration (*autocertificazione*) stating that they meet the requirement indicated above. The same exemption applies in case the beneficial owners of the Notes are (i) international entities or organizations established in accordance with international agreements ratified by Italy; (ii) certain foreign institutional investors established in White List States; or (iii) Central Banks or entities which manage, *inter alia*, the official reserves of a foreign State.

(b) In any event, non-Italian resident individuals or entities without a permanent establishment in Italy to which the Notes are effectively connected that may benefit from a double taxation treaty with Italy, providing that capital gains realized upon sale or redemption of Notes are to be taxed only in the country of tax residence of the recipient, will not be subject to *imposta sostitutiva* in Italy on any capital gains realized upon sale for consideration or redemption of Notes. Under these circumstances, if non-Italian residents without a permanent establishment in Italy to which the Notes are effectively connected elect for the Asset Management Option or are subject to the *risparmio amministrato* regime, exemption from Italian capital gains tax will apply provided that they timely file with the authorized financial intermediary appropriate documents which include, *inter alia*, a statement from the competent tax authorities of the country of residence of the non-Italian residents.

The *risparmio amministrato* regime is the ordinary regime automatically applicable to non-resident persons and entities in relation to Notes deposited for safekeeping or administration with Italian banks, SIMs and other eligible entities, but non-resident holders of the Notes retain the right to waive this regime. Such waiver may also be exercised by non-resident intermediaries in respect of safekeeping, administration and deposit accounts held in their names in which third parties' financial assets are held.

Certain reporting obligations for Italian-resident Noteholders

Pursuant to Italian Law Decree No. 167 of June 28, 1990, converted by Italian Law No. 227 of August 4, 1990, as amended from time to time, individuals, non-profit entities and certain partnerships (società semplici or similar partnerships in accordance with Article 5 of Decree No. 917) resident in Italy who hold investments abroad or have financial activities abroad must, in certain circumstances, disclose the aforesaid and related transactions to the Italian tax authorities in their income tax return (or, in case the income tax return is not due, in a proper form that must be filed within the same time as prescribed for the income tax return). The requirement applies also where the persons above, being not the direct holders of the financial instruments, are the actual owners of the instrument under the Italian money-laundering law.

Furthermore, the above reporting requirement is not required to comply, *inter alia*, with respect to Notes deposited for management or administration with qualified Italian financial intermediaries, with respect to contracts entered into through their intervention, upon condition that the items of income derived from the Notes have been subject to tax by the same intermediaries or if the foreign investments are only composed by deposits and/or bank accounts and their aggregate value does not exceed a €15,000 threshold throughout the year.

Italian inheritance tax and gift tax

Pursuant to Italian Law Decree No. 262 of October 3, 2006, converted into law with amendments by Italian Law No. 286 of November 24, 2006, effective from November 29, 2006, and Italian Law No. 296 of December 27, 2006, the transfers of any valuable assets (including the Notes) as a result of (i) death or donation (or other transfers for no consideration) and the creation of liens on such assets for a specific purpose by Italian resident persons even if the transferred assets are held outside Italy or (ii) death or donation (or other transfers for no consideration) and the creation of liens on such assets for a specific purpose by non-Italian resident persons, but only if the transferred assets are held in Italy, are taxed as follows:

(a) transfers in favor of spouses and direct descendants or direct ancestors are subject to an inheritance and gift tax applied at a rate of 4% on the value of the inheritance or gift exceeding €1,000,000 (per beneficiary);

(b) transfers in favor of brothers or sisters are subject to an inheritance and gift tax applied at a rate of 6% on the value of the inheritance or the gift exceeding €100,000 (per beneficiary);

(c) transfers in favor of relatives up to the fourth degree and relatives-in-law up to the third degree are subject to an inheritance and gift tax applied at a rate of 6% on the entire value of the inheritance or the gift; and

(d) any other transfer is subject to an inheritance and gift tax applied at a rate of 8% on the entire value of the inheritance or the gift.

If the transfer is made in favor of persons with severe disabilities, the tax applies on the value exceeding €1,500,000.

The transfer of financial instruments as a result of death is exempt from inheritance tax when such financial instruments are included in a long-term saving account (*piano individuale di risparmio a lungo termine*) that meets the requirements from time to time applicable as set forth by Italian law.

With respect to Notes listed on a regulated market (which term includes, for these purposes, also certain multilateral trading platforms), the value for inheritance and gift tax purposes is the average stock exchange price of the last quarter preceding the date of the succession or of the gift (including any accrued interest). With respect to unlisted Notes, the value for inheritance tax and gift tax purposes is generally determined by reference to the value of listed debt securities having similar features or based on certain elements as presented in the Italian tax law.

Wealth tax—direct holding

According to Article 19 of Decree No. 201 of December 6, 2011, as amended and supplemented, Italian resident individuals, non-commercial entities, non-commercial partnerships and similar institutions holding financial assets—including the Notes—outside of the Italian territory are required to pay a wealth tax ("**IVAFE**") at the rate of 0.2% (0.40% pursuant to the provisions of Law No. 213/2023, if the financial assets, including the Notes, are held in States or territories with privileged tax regimes identified by the Italian Ministerial Decree dated May 4, 1999). The maximum amount due is set at €14,000 for holders of the Notes other than individuals.

The IVAFE applies on the market value at the end of the relevant year or—in the absence of a market value—on the nominal value or redemption value, or in the case the face or redemption values cannot be determined, on the purchase value of any financial assets held outside of the Italian territory. Taxpayers are entitled to an Italian tax credit equivalent to the amount of wealth taxes paid in the State where the financial assets are held (up to an amount equal to the IVAFE due).

Stamp taxes and duties—holding through financial intermediary

According to Article 13 par. 2-*ter* of the tariff Part I attached to Italian Presidential Decree No. 642 of October 26, 1972, as amended and supplemented, a proportional stamp duty applies on a yearly basis to the periodic reporting communications sent by financial intermediaries to their clients in respect of any financial product and instrument, deposited with such financial intermediary in Italy. This stamp duty applies at the rate of 0.20% on the market value or—in the absence of a market value—on the nominal value or the redemption amount or in the case the nominal or redemption values cannot be determined, on the purchase value of any financial products and cannot exceed the amount of €14,000 for holders of the Notes that are not individuals. At any rate, where no specific exemption applies, a minimum stamp tax of €34.20 is due on a yearly basis. Stamp duty will apply on the Notes, both to Italian resident holders of the Notes and to non-Italian resident holders of the Notes, to the extent that the Notes are held with an Italian based financial intermediary.

The statement is considered to be sent at least once a year, even for instruments for which is not mandatory, nor the deposit, nor the release or the drafting of the statement. In case of reporting periods of less than twelve months, the stamp duty is payable pro-rata.

Based on the wording of the law and the implementing decree issued by the Italian Ministry of Economy on May 24, 2012, the stamp duty applies to any investor who is a client (as defined in the regulations issued by the Bank of Italy, as amended from time to time) of an entity that exercises in any form a banking, financial or insurance activity within the Italian territory. Proportional stamp duty does not apply to communications and reports that the Italian financial intermediaries send to investors who do not qualify as "clients" according to the regulations issued by the Bank of Italy. Communications and reports sent to this type of investors are subject to the ordinary €2.00 stamp duty for each copy. Moreover, the proportional stamp duty does not apply to communications sent to Pension Funds.

Registration tax

Contracts relating to the transfer of securities are subject to the registration tax as follows: (i) public deeds and notarized deeds (*atti pubblici e scritture private autenticate*) executed in Italy are subject to fixed registration tax at a rate of €200; (ii) private deeds (*scritture private non autenticate*) are subject to registration tax at a rate of €200 only in the case of use (*caso d'uso*) or voluntary registration (*registrazione volontaria*) or occurrence of the so-called *enunciazione*.

Additional Notes

The Issuer may issue Additional Notes (as defined in "*Description of the Notes*") under the Indenture. Any Additional Notes will be considered fungible for Italian income tax purposes with the Notes issued under the Indenture only if the conditions set forth in Article 11(2) of Decree No. 239 are met. In particular, Article 11(2) of Decree No. 239 requires that (i) the issuance of Additional Notes occurs within 12 months of the original issue

of the initial Notes, and (ii) the spread between (a) the issue price of the initial Notes and (b) the issue price of the Additional Notes is less than one percent of the principal amount of the issuance multiplied by the number of full years until the maturity date. If these requirements are not met, the Additional Notes will not be considered fungible for Italian income tax purposes with the initial Notes issued under the Indenture.

Payments by Guarantors

If an Italian resident guarantor makes any payments in respect of interest on the Notes (or any other amounts due under the Notes other than the repayment of principal), in accordance with one interpretation of Italian tax law, any such payments may be subject to Italian withholding tax at the rate of 26% levied as a final tax or a provisional tax ("*a titolo d'imposta o a titolo di acconto*") depending on the "status" and a tax residence of the beneficial owner of the Notes, pursuant to Italian Presidential Decree No. 600 of September 29, 1973, as subsequently amended. Double taxation treaties entered into by Italy may apply allowing for a lower (or, in certain cases, nil) rate of withholding tax in case of payments to non-Italian resident Noteholders, subject to compliance with relevant subjective and procedural requirements.

In accordance with another interpretation, any such payments made by an Italian resident guarantor should be treated, in certain circumstances, as payments by the Issuer and should thus be subject to the tax regime described above under the caption "*Certain Italian Tax Considerations – Tax treatment of interest.*"

With respect to payments made to Italian resident Noteholders by a non-Italian resident guarantor (if any), in accordance with one interpretation, any such payments made by a non-Italian resident guarantor should be treated, in certain circumstances, as income taxable in Italy, depending on the "status" of the beneficial owner of the Notes. According to another interpretation, any such payments made by a non-Italian resident guarantor to Italian resident Noteholders should be treated, in certain circumstances, as payments by the Issuer and should thus be subject to the tax regime described above under the caption "*Certain Italian Tax Considerations – Tax treatment of interest.*"

Certain U.S. Federal Income Tax Considerations

The following is a discussion of certain U.S. federal income tax considerations related to the purchase, ownership and disposition of the Notes, but does not purport to be a complete analysis of all potential tax effects. This discussion is limited to consequences relevant to a U.S. holder (as defined below), and does not address the effects of any U.S. federal tax laws other than U.S. federal income tax laws (such as estate and gift tax laws) or any state, local or non-U.S. tax laws. This discussion is based upon the U.S. Internal Revenue Code of 1986, as amended (the "**Code**"), Treasury regulations issued thereunder (the "**Treasury Regulations**"), and judicial and administrative interpretations thereof, each as in effect on the date hereof, and all of which are subject to change, possibly with retroactive effect. No rulings from the U.S. Internal Revenue Service (the "**IRS**") have been or are expected to be sought with respect to the matters discussed below. There can be no assurance that the IRS will not take a different position concerning the tax consequences of the purchase, ownership or disposition of the Notes or that any such position would not be sustained.

This discussion does not address all of the U.S. federal income tax consequences that may be relevant to a holder in light of such holder's particular circumstances, including the impact of any alternative minimum tax or the unearned income Medicare contribution tax, or to holders subject to special rules, such as certain financial institutions, U.S. expatriates, insurance companies, individual retirement accounts, dealers in securities or currencies, traders in securities, U.S. holders whose functional currency is not the U.S. dollar, tax-exempt entities, regulated investment companies, real estate investment trusts, partnerships or other pass through entities or arrangements and investors therein, U.S. holders that are resident in or have a permanent establishment in a jurisdiction outside the United States, holders of Existing Notes, and persons holding the Notes as part of a "straddle," "hedge," "conversion transaction" or other integrated transaction. This discussion also does not address persons subject to special tax accounting rules as a result of any item of gross income with respect to the Notes being taken into account in an "applicable financial statement" as defined in Section 451 of the Code. In addition, this discussion is limited to persons who purchase the Notes for cash at original issuance and at their "issue price" (the first price at which a substantial amount of the Notes is sold for money to investors) and who hold the Notes as capital assets within the meaning of Section 1221 of the Code (generally for investment).

For purposes of this discussion, a "**U.S. holder**" is a beneficial owner of a Note that is, for U.S. federal income tax purposes, (i) an individual who is a citizen or resident of the United States; (ii) a corporation or any entity taxable as a corporation created or organized in or under the laws of the United States, any state thereof or the District of Columbia; (iii) an estate the income of which is subject to U.S. federal income taxation regardless of

its source; or (iv) a trust if a court within the United States is able to exercise primary supervision over the administration of the trust and one or more U.S. persons have the authority to control all substantial decisions of the trust, or if a valid election is in place to treat the trust as a U.S. person.

If any entity or arrangement treated as a partnership for U.S. federal income tax purposes holds the Notes, the U.S. tax treatment of such partnership or a partner in such partnership generally will depend upon the status of the partner and the activities of the partnership. A partnership considering an investment in the Notes, and partners in such a partnership, should consult their tax advisors regarding the U.S. federal income tax consequences of the purchase, ownership and disposition of the Notes.

Prospective purchasers of the Notes should consult their tax advisors concerning the tax consequences of holding Notes in light of their particular circumstances, including the application of the U.S. federal income tax considerations discussed below, as well as the application of U.S. federal estate and gift tax laws, the U.S. federal Medicare tax on net investment income and state, local, non-U.S. or other tax laws.

Characterization of the Notes

Certain debt instruments that provide for one or more contingent payments are subject to Treasury Regulations governing contingent payment debt instruments. A payment is not treated as a contingent payment under these Treasury Regulations if, as of the issue date of the debt instrument, the likelihood that such payment will be made is remote and/or the payments are incidental. In certain circumstances (see, for example, "*Description of the Notes—Withholding Taxes,*" "*Description of the Notes—Optional Redemption*," "*Description of the Notes—Change of Control*" and "*Description of the Notes—Specified Asset Disposal Mandatory Redemption*"), the Issuer may be obligated to redeem the Notes or to make certain payments on the Notes in excess of stated principal and interest. The Issuer believes that the Notes should not be treated as contingent payment debt instruments due to the possibility of such a redemption occurring or such excess payments being made. The Issuer's position is binding on a U.S. holder, unless the U.S. holder discloses in the proper manner to the IRS that it is taking a different position. This determination, however, is not binding on the IRS. If the IRS successfully challenged this position, and the Notes were treated as contingent payment debt instruments, U.S. holders could be required to accrue interest income at a rate different than their yield to maturity and to treat as ordinary income, rather than capital gain, any gain recognized on a sale, exchange, retirement, redemption or other taxable disposition of a Note. The balance of this discussion assumes that the Notes will not be considered contingent payment debt instruments. U.S. holders are urged to consult their own tax advisors regarding the potential application to the Notes of the contingent payment debt instrument rules and the consequences thereof.

Payments of stated interest

Payments of stated interest on the Notes (including any additional amounts paid in respect of withholding taxes and without reduction for any amounts withheld) generally will be includible in the gross income of a U.S. holder as ordinary interest income at the time the interest is received or accrued, in accordance with such U.S. holder's method of accounting for U.S. federal income tax purposes.

A U.S. holder that uses the cash method of accounting for U.S. federal income tax purposes and that receives a payment of stated interest on the Notes will be required to include in income (as ordinary income) the U.S. dollar value of the euro interest payment (translated at the spot rate of exchange on the date such payment is received) regardless of whether the payment is in fact converted to U.S. dollars at such time. A cash method U.S. holder will not recognize foreign currency exchange gain or loss with respect to the receipt of such interest, but may recognize exchange gain or loss attributable to the actual disposition of the euro so received.

A U.S. holder that uses the accrual method of accounting for U.S. federal income tax purposes (or who otherwise is required to accrue interest prior to receipt) will be required to include in income (as ordinary income) the U.S. dollar value of the amount of stated interest income in euro that has accrued with respect to its Notes during an accrual period. The U.S. dollar value of such euro denominated accrued interest will be determined by translating such amount at the average spot rate of exchange for the accrual period or, with respect to an accrual period that spans two taxable years, at the average spot rate of exchange for the partial period within each taxable year. An accrual basis U.S. holder may elect, however, to translate such accrued interest income into U.S. dollars at the spot rate of exchange on the last day of the interest accrual period or, with respect to an accrual period that spans two taxable years, at the spot rate of exchange on the last day of the taxable year. Alternatively, if the last day of an accrual period is within five business days of the date of receipt of the accrued interest, a U.S. holder that has made the election described in the prior sentence may translate such interest at the spot rate of exchange on the date of receipt of the interest. The above election will apply to other debt instruments held by an electing U.S.

holder and may not be changed without the consent of the IRS. A U.S. holder that uses the accrual method of accounting for U.S. federal income tax purposes will recognize exchange gain or loss with respect to accrued interest income on the date such interest is received.

The amount of exchange gain or loss recognized will equal the difference, if any, between the U.S. dollar value of the euro payment received (translated at the spot rate of exchange on the date such interest is received) in respect of such accrual period and the U.S. dollar value of the interest income that has accrued during such accrual period (as determined above), regardless of whether the payment is in fact converted to U.S. dollars at such time. Any such exchange gain or loss generally will constitute ordinary income or loss and be treated, for foreign tax credit purposes, as U.S. source income or loss, and generally not as an adjustment to interest income or expense.

Original issue discount

The Notes may be issued with original issue discount ("**OID**") for U.S. federal income tax purposes. In the event the Notes are issued with OID, U.S. holders of such Notes generally will be required to include such OID in gross income (as ordinary income) for U.S. federal income tax purposes on an annual basis under a constant yield accrual method regardless of their regular method of accounting for U.S. federal income tax purposes. As a result, U.S. holders generally will include any OID in income in advance of the receipt of cash attributable to such income.

The Notes will be treated as issued with OID if the stated principal amount of such Notes exceeds their issue price (as defined above) by an amount equal to or greater than a statutorily defined de minimis amount (generally, 0.0025 multiplied by the stated principal amount and the number of complete years to maturity from the issue date). U.S. Holders of the Notes with less than the de minimis amount of discount will include the discount on such Notes in income, as capital gain, when principal payments are made on the Note.

In the event that the Notes are issued with OID, the amount of OID with respect to a Note includible in income by a U.S. holder is the sum of the "daily portions" of OID with respect to the Note for each day during the taxable year or portion thereof in which such U.S. holder holds such Note. A daily portion is determined by allocating to each day in any "accrual period" a pro rata portion of the OID that accrued in such period. The accrual period of a Note may be of any length and may vary in length over the term of the Note, provided that each accrual period is no longer than one year and each scheduled payment of principal or interest occurs either on the first or last day of an accrual period. The amount of OID that accrues with respect to any accrual period is the excess of (i) the product of the Note's "adjusted issue price" at the beginning of such accrual period and its "yield to maturity," determined on the basis of compounding at the close of each accrual period and properly adjusted for the length of such period, over (ii) the amount of stated interest allocable to such accrual period. The adjusted issue price of a Note at the start of any accrual period generally is equal to its issue price, increased by the accrued OID for each prior accrual period. The yield to maturity of a Note is the discount rate that, when used in computing the present value of all principal and interest payments to be made under the Note, produces an amount equal to the issue price of the Note.

OID, if any, on the Notes will be determined for any accrual period in euro and then translated into U.S. dollars in accordance with either of the two alternative methods described in the third paragraph under "*Taxation—Certain U.S. Federal Income Tax Considerations—Payments of stated interest*."

A U.S. holder will recognize foreign currency exchange gain or loss when OID is paid (including, upon the disposition of a Note, the receipt of proceeds that include amounts attributable to OID previously included in income) to the extent of the difference, if any, between the U.S. dollar value of the euro payment received, translated at the spot rate of exchange on the date such payment is received, and the U.S. dollar value of the accrued OID, as determined in the manner described above. For these purposes, all receipts on a Note will be viewed first, as payment of stated interest payable on the Note; second, as receipt of previously accrued OID (to the extent thereof), with payments considered made for the earliest accrual periods first; and third, as receipt of principal. The rules governing OID instruments are complex and prospective purchasers should consult their tax advisors concerning the application of such rules to the Notes as well as the interplay between the application of the OID rules and the currency exchange gain or loss rules.

Foreign currency exchange gain or loss generally will constitute ordinary income or loss and be treated, for foreign tax credit purposes, as U.S. source income or loss, and generally not as an adjustment to interest income or expense.

Foreign tax credit

Interest income (and OID, if any) on a Note generally will constitute foreign source income and generally will be considered "passive category income" in computing the foreign tax credit allowable to U.S. holders under U.S. federal income tax laws. Any non-U.S. withholding tax paid by or on behalf of a U.S. holder at the rate applicable to such holder may be eligible for foreign tax credits (or deduction in lieu of such credits) for U.S. federal income tax purposes, subject to applicable limitations (including holding period and at risk rules). Certain Treasury Regulations further restrict the ability of any such credit based on the nature of the tax imposed by the non-U.S. jurisdiction, although the IRS has provided temporary relief from the application of certain aspects of these regulations until new guidance or regulations are issued. There are other significant limitations on a U.S. holder's ability to claim foreign tax credits. The calculation of foreign tax credits involves the application of complex rules that depend on a U.S. holder's particular circumstances. U.S. holders should consult their tax advisors regarding the availability of foreign tax credits.

Sale, exchange, retirement, redemption or other taxable disposition of Notes

Upon the sale, exchange, retirement, redemption or other taxable disposition of a Note, a U.S. holder generally will recognize gain or loss equal to the difference, if any, between the amount realized upon such disposition (less any amount equal to any accrued but unpaid stated interest, which will be taxable as interest income as discussed above to the extent not previously included in income by the U.S. holder) and such U.S. holder's adjusted tax basis in the Note.

A U.S. holder's adjusted tax basis in a Note will, in general, be the cost of such Note to such U.S. holder, increased by any OID previously accrued by such U.S. holder with respect to the Note. The cost of a Note purchased with euro generally will be the U.S. dollar value of the foreign currency purchase price translated at the spot rate on the date of purchase. If the applicable Note is treated as traded on an established securities market and the relevant U.S. holder is either a cash basis taxpayer or an accrual basis taxpayer who has made the special election described below, such U.S. holder will determine the U.S. dollar value of the cost of such Note by translating the amount paid at the spot rate of exchange on the settlement date of the purchase.

If a U.S. holder receives euro on a sale, exchange, retirement, redemption or other taxable disposition of a Note, the amount realized generally will be based on the U.S. dollar value of such euro translated at the spot rate of exchange on the date of such taxable disposition. In the case of a Note that is considered to be traded on an established securities market, a cash basis U.S. holder and, if it so elects, an accrual basis U.S. holder, will determine the U.S. dollar value of such euro by translating such amount at the spot rate of exchange on the settlement date of the disposition. The special election available to accrual basis U.S. holders in regard to the purchase or disposition of Notes traded on an established securities market must be applied consistently to all debt instruments held by the U.S. holder from year to year and cannot be changed without the consent of the IRS. An accrual basis U.S. holder that does not make the special election will recognize foreign currency exchange gain or loss to the extent that there are exchange rate fluctuations between the disposition date and the settlement date, and such gain or loss generally will constitute U.S. source ordinary income or loss.

Gain or loss recognized upon the sale, exchange, retirement, redemption or other taxable disposition of a Note that is attributable to fluctuations in currency exchange rates with respect to the principal amount of such Note generally will be U.S. source ordinary income or loss and generally will not be treated as interest income or expense. Such gain or loss generally will equal the difference, if any, between the U.S. dollar value of the U.S. holder's euro purchase price for the Note, translated at the spot rate of exchange on the date the U.S. holder disposes of the Note, and the U.S. dollar value of the U.S. holder's euro purchase price for the Note, translated at the spot rate of exchange on the date the U.S. holder purchased such Note. In addition, upon the sale, exchange, retirement, redemption or other taxable disposition of a Note, a U.S. holder may recognize foreign currency exchange gain or loss attributable to amounts received with respect to accrued and unpaid stated interest and OID, if any, which will be treated as discussed above under "*Taxation—Certain U.S. Federal Income Tax Considerations—Payments of stated interest*" or "*Taxation—Certain U.S. Federal Income Tax Considerations—Original issue discount*," as applicable. However, upon a sale, exchange, retirement, redemption or other taxable disposition of a Note, a U.S. holder will recognize any foreign currency exchange gain or loss (including with respect to accrued stated interest) only to the extent of total gain or loss realized by such U.S. holder on such disposition.

Any gain or loss recognized upon the sale, exchange, retirement, redemption or other taxable disposition of a Note in excess of euro exchange gain or loss attributable to such disposition generally will be U.S. source gain or loss and generally will be capital gain or loss. Capital gains of non-corporate U.S. holders (including individuals)

derived in respect of capital assets held for more than one year are generally eligible for reduced rates of taxation. The deductibility of capital losses is subject to limitations.

U.S. holders should consult their tax advisors regarding how to account for payments made in a foreign currency with respect to the acquisition, sale, exchange, retirement or other taxable disposition of a Note and the foreign currency received upon a sale, exchange, retirement or other taxable disposition of a Note.

Information reporting and backup withholding

In general, information reporting requirements will apply to payments of stated interest (and the accrual of OID, if any) on the Notes and to the proceeds of the sale or other disposition (including a retirement or redemption) of a Note paid to a U.S. holder unless such U.S. holder is an exempt recipient, and, when required, provides evidence of such exemption. Backup withholding may apply to such payments if the U.S. holder fails to provide a correct taxpayer identification number or a certification that it is not subject to backup withholding, or otherwise fails to comply with the applicable requirements of the backup withholding rules.

Backup withholding is not an additional tax and any amounts withheld under the backup withholding rules may be allowed as a refund or a credit against a U.S. holder's U.S. federal income tax liability provided the required information is timely furnished to the IRS.

Tax return disclosure requirements

Treasury Regulations require the reporting to the IRS of certain foreign currency transactions giving rise to losses in excess of a certain minimum amount, such as the receipt or accrual of interest on or a sale, exchange, retirement, redemption or other taxable disposition of a foreign currency note or foreign currency received in respect of a foreign currency note. U.S. holders should consult their tax advisors to determine the tax return disclosure obligations, if any, with respect to an investment in the Notes, including any requirement to file IRS Form 8886 (Reportable Transaction Disclosure Statement).

U.S. holders who are individuals and who own "specified foreign financial assets" with an aggregate value in excess of certain minimum thresholds at any time during the tax year generally are required to file an information report (IRS Form 8938) with respect to such assets with their tax returns. If a U.S. holder does not file a required IRS Form 8938, such holder may be subject to substantial penalties and the statute of limitations on the assessment and collection of all U.S. federal income taxes of such holder for the related tax year may not close before the date which is three years after the date on which such report is filed. The Notes generally will constitute specified foreign financial assets subject to these reporting requirements, unless the Notes are held in an account at certain financial institutions. Under certain circumstances, an entity may be treated as an individual for purposes of these rules.

U.S. holders should consult their tax advisors regarding the application of the foregoing disclosure requirements to their ownership of the Notes, including the significant penalties for non-compliance.

CERTAIN ERISA CONSIDERATIONS

The following is a summary of certain considerations associated with the purchase of the Notes by employee benefit plans that are subject to Title I of ERISA, individual retirement accounts ("**IRAs**") and other plans and arrangements that are subject to Section 4975 of the Code or employee benefit plans that are governmental plans (as defined in Section 3(32) of ERISA), certain church plans (as defined in Section 3(33) of ERISA), non-U.S. plans (as described in Section 4(b)(4) of ERISA) or other plans that are not subject to the foregoing but may be subject to other U.S. or non-U.S. federal, state or local laws or regulations that are similar to such provisions of ERISA or the Code ("**Similar Laws**"), and entities whose underlying assets are considered to include "plan assets", within the meaning of 29 C.F.R. Section 2510.3-101 (as modified by Section 3(42) of ERISA), (as further described below) of any such plan, account or arrangement (each, a "**Plan**").

General Fiduciary Matters

ERISA and the Code impose certain duties on persons who are fiduciaries of a Plan subject to Title I of ERISA or Section 4975 of the Code or an entity whose underlying assets are considered to include "plan assets", as described above (a "**Benefit Plan**") and prohibit certain transactions involving the assets of a Benefit Plan and its fiduciaries or other interested parties. Under ERISA and the Code, any person who exercises any discretionary authority or control over the administration of such a Benefit Plan or the management or disposition of the assets of such a Benefit Plan, or who renders investment advice for a fee or other compensation to such a Benefit Plan, is generally considered to be a fiduciary of the Benefit Plan.

In considering an investment in the Notes of a portion of the assets of any Plan, a fiduciary should consult with its counsel in order to determine the suitability of the notes for such Plan, including whether the investment is in accordance with the documents and instruments governing the Plan and the applicable provisions of ERISA, the Code or any Similar Law and the need for, and the availability, if necessary, of any exemptive relief under any such laws or regulations. In addition, a fiduciary of a Plan should consult with its counsel in order to determine if the investment satisfies the fiduciary's duties to the Plan including, without limitation, the prudence, diversification, delegation of control and prohibited transaction provisions of ERISA, the Code and any other applicable Similar Laws.

Each Benefit Plan, including IRAs and other arrangements that are subject to Section 4975 of the Code, should consider the fact that none of the Issuer, the Guarantors or the Initial Purchasers or any of their respective affiliates, agents or employees (the "**Transaction Parties**") is acting, or will act, as a fiduciary to any Benefit Plan with respect to the decision to purchase or hold the Notes. The Transaction Parties are not undertaking to provide impartial investment advice or advice based on any particular investment need, or to give advice in a fiduciary capacity, with respect to the decision to purchase or hold the Notes. All communications, correspondence and materials from the Transaction Parties with respect to the Notes are intended to be general in nature and are not directed at any specific purchaser of the Notes, and do not constitute advice regarding the advisability of investment in the Notes for any specific purchaser. The decision to purchase and hold the Notes must be made solely by each prospective Benefit Plan purchaser on an arm's length basis.

Prohibited Transaction Issues

Section 406 of ERISA and Section 4975 of the Code prohibit Benefit Plans from engaging in certain transactions involving "plan assets" of such Benefit Plans with persons or entities who are "parties in interest", within the meaning of ERISA, or "disqualified persons", within the meaning of Section 4975 of the Code, unless a statutory or administrative exemption is applicable to the transaction. Such parties in interest or disqualified persons could include, without limitation, any of the Transaction Parties. A party in interest or disqualified person who engages in a non-exempt prohibited transaction may be subject to excise taxes and other penalties and liabilities under ERISA and the Code. In addition, the fiduciary of the Benefit Plan that engaged in such a non-exempt prohibited transaction may be subject to penalties and liabilities under ERISA and the Code. For example, the acquisition and/or holding of Notes by a Benefit Plan with respect to which a Transaction Party is considered a party in interest or disqualified person may constitute or result in a direct or indirect prohibited transaction under Section 406 of ERISA and/ or Section 4975 of the Code, unless the investment is acquired and is held in accordance with an applicable statutory, class or individual prohibited transaction exemption. In this regard, certain exemptions from the prohibited transaction rules could be applicable to the purchase and holding of Notes by a Benefit Plan, depending on the type and circumstances of the fiduciary making the decision to acquire such Notes and the relationship of the party in interest or disqualified person to the Plan. Included among these exemptions are Section 408(b)(17) of ERISA and Section 4975(d)(20) of the Code for certain transactions between a Benefit Plan and non-fiduciary service providers to the Benefit Plan. In addition, the United States

Department of Labor has issued prohibited transaction class exemptions ("**PTCEs**") that may apply to provide exemptive relief for direct and indirect prohibited transactions arising in connection with the acquisition and holding of the Notes. These class exemptions (as may be amended from time to time) include, without limitation, PTCE 84-14 (respecting transactions effected by independent "qualified professional asset managers"), PTCE 90-1 (respecting investments by insurance company pooled separate accounts), PTCE 91-38 (respecting investments by bank collective investment funds), PTCE 95-60 (respecting investments by life insurance company general accounts) and PTCE 96-23 (respecting transactions directed by in-house asset managers).

Each of these exemptions contains conditions and limitations on its application. Thus, the fiduciaries of a Benefit Plan that is considering acquiring and/or holding the Notes in reliance of any of these or any other exemption should carefully review the conditions and limitations of the exemption and consult with their counsel to confirm that it is applicable. There can be no, and we do not provide any, assurance that any of these exemptions or any other exemption will be available with respect to any particular transaction involving the Notes, or that all of the conditions of any such exemptions or any other exemptions will be satisfied.

Plans that are not subject to the fiduciary responsibility or prohibited transaction requirements of Title I of ERISA or Section 4975 of the Code may nevertheless be subject to Similar Laws that include similar requirements. Any fiduciary of such Plans should determine the need for, and, if necessary, the availability of, any exemptive relief under such Similar Laws.

Because of the foregoing, the Notes (including any interest in a Note) should not be purchased or held by any person investing "plan assets" of any Plan, unless such purchase and holding (i) are entitled to exemption relief from the prohibited transaction provisions of ERISA and the Code and are otherwise permissible under all applicable Similar Laws or (ii) would not otherwise constitute a non-exempt prohibited transaction under Title I of ERISA or Section 4975 of the Code or any violation of applicable Similar Laws.

The foregoing discussion is general in nature and is not intended to be all-inclusive, nor should it be construed as legal advice. Due to the complexity of these rules and the excise taxes, penalties and liabilities that may be imposed upon persons involved in non-exempt prohibited transactions, it is particularly important that fiduciaries or other persons considering acquiring the Notes on behalf of, or with the assets of, any Plan, consult with their counsel regarding the suitability of an acquisition of the Notes in light of such prospective purchaser's particular circumstances, potential applicability of ERISA, Section 4975 of the Code and any Similar Laws to such investments and whether an exemption would be necessary and, if so, applicable to the purchase and holding of the Notes. Purchasers have exclusive responsibility for ensuring that their purchase and holding of the Notes (or any interest therein) do not violate the fiduciary responsibility or prohibited transaction provisions of Title I of ERISA, Section 4975 of the Code, or any applicable Similar Laws. The sale of a Note to a Plan is in no respect a representation by any Transaction Party or any of their respective affiliates or representatives that such an investment meets all relevant legal requirements with respect to investments by Plans generally or any particular Plan or that such investment is appropriate for Plans generally or any particular Plan.

Representation

Accordingly, by acceptance of a Note, or any interest therein, each purchaser and subsequent transferee will be deemed to have represented and warranted that (x) either (i) no portion of the assets used by such purchaser or transferee to acquire or hold the Note constitutes assets of any Plan; or (ii) the acquisition and holding of the Note by such purchaser or transferee does not and will not constitute or result in a non-exempt prohibited transaction under Section 406 of ERISA or Section 4975 of the Code or any violation of applicable Similar Laws, and (y) none of the Transaction Parties has acted, is acting, or will act, as a fiduciary to any Plan with respect to the decision to purchase or hold the Notes or is undertaking to provide impartial investment advice or give advice in a fiduciary capacity with respect to the decision to purchase or hold the Notes.

PLAN OF DISTRIBUTION

Subject to the terms and conditions contained in the purchase agreement among the Issuer and the Initial Purchasers dated as of the date of this Offering Memorandum (the "**Purchase Agreement**"), the Issuer has agreed to sell to the Initial Purchasers, and the Initial Purchasers have severally agreed to purchase from the Issuer, the entire principal amount of the Notes. Sales in the United States may be made through affiliates of the Initial Purchasers.

The obligations of the Initial Purchasers under the Purchase Agreement, including their agreement to purchase Notes from us, are several and not joint. The Purchase Agreement provides that the Initial Purchasers will purchase all the Notes being sold pursuant to the Purchase Agreement if any of them are purchased.

The Initial Purchasers initially propose to offer the Notes for resale at the issue price that appears on the cover page of this Offering Memorandum. After the initial offering, the Initial Purchasers may change the offering price and any other selling terms without notice. The Initial Purchasers may offer and sell Notes through certain of their affiliates.

The Purchase Agreement provides that the obligations of the Initial Purchasers to pay for and accept delivery of the Notes are subject to, among other conditions, the delivery of certain legal opinions by counsel. The Purchase Agreement also provides that the Issuer and the Guarantors will indemnify and hold harmless the Initial Purchasers against certain liabilities, including liabilities under the U.S. Securities Act, and will contribute to payments that the Initial Purchasers may be required to make in respect thereof. None of the Issuer or the Guarantors will for a period of 60 days after the date of the Purchase Agreement, offer, sell, contract to sell or otherwise dispose of, except the Notes and the guarantees thereof, any debt securities issued or guaranteed by the Guarantors or the Issuer and having a tenor of more than one year that are substantially similar to the Notes without the prior written consent of the Initial Purchasers under the Purchase Agreement.

Persons who purchase Notes from the Initial Purchasers may be required to pay stamp duty, taxes and other charges in accordance with the laws and practice of the country of purchase in addition to the offering price set forth on the cover page of this Offering Memorandum.

The Notes and the Notes Guarantees have not been and will not be registered under the U.S. Securities Act or the securities laws of any other jurisdiction and may not be offered or sold within the United States except to qualified institutional buyers in reliance on Rule 144A and in offshore transactions in reliance on Regulation S. Terms used in this paragraph have the meanings given to them by Regulation S. Resales of the Notes are restricted as described under "*Important Information*" and "*Transfer Restrictions.*" In the Purchase Agreement, each Initial Purchaser has represented and agreed that:

- it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the Financial Services and Markets Act 2000) received by it in connection with the issue or sale of the Notes in circumstances in which Section 21(1) of the Financial Services and Markets Act 2000 does not apply to the Issuer;

- it has complied and will comply with all applicable provisions of the Financial Services and Markets Act 2000 with respect to anything done by it in relation to the Notes in, from or otherwise involving the United Kingdom.

In the Purchase Agreement, each Initial Purchaser has represented and agreed that it has not offered, sold or otherwise made available to and will not offer, sell or otherwise make available any securities to any retail investor in the EEA. For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) MiFID II; (ii) a customer within the meaning of the Insurance Distribution Directive, where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or (iii) not a qualified investor as defined in the Prospectus Regulation and, in Italy, Article 100 of the Italian Legislative Decree No. 58 of February 24, 1998, as amended (the "**Italian Financial Act**"), and implementing regulations by the *Commissione Nazionale per le Società e la Borsa* ("**CONSOB**"), including CONSOB Regulation No. 20307 of February 15, 2018, as amended ("**Regulation 20307**"), Article 34-*ter*, first paragraph, letter (b) of CONSOB Regulation No. 11971 of May 14, 1999, as amended (the "**Issuer Regulation**").

Consequently, no key information document required by the PRIIPs Regulation for offering or selling any in scope securities or otherwise making them available to retail investors in the EEA has been or will be prepared.

Offering or selling the Notes or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPS Regulation.

Solely for the purposes of each manufacturer's approval process, the target market assessment in respect of the securities described in this Offering Memorandum has led to the conclusion that: (i) the target market for such securities is eligible counterparties ("**ECP**") and professional clients only, each as defined in MiFID II; and (ii) all channels for distribution of such securities to ECPs and professional clients are appropriate. Any person subsequently offering, selling or recommending such securities (a "**distributor**") should take into consideration the manufacturers' target market assessment; however, a distributor subject to MiFID II is responsible for undertaking its own target market assessment in respect of such securities (by either adopting or refining the manufacturers' target market assessment) and determining appropriate distribution channels.

The Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the UK. For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client, as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of domestic law by virtue of the EUWA; or (ii) a customer within the meaning of the provisions of the FSMA and any rules or regulations made under the FSMA to implement Directive (EU) 2016/97, where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the EUWA. Consequently, no key information document required by the UK PRIIPs Regulation for offering or selling the Notes or otherwise making them available to retail investors in the UK has been or will be prepared. Offering or selling the Notes or otherwise making them available to any retail investor in the UK may be unlawful under the UK PRIIPs Regulation.

Solely for the purposes of each manufacturer's product approval process, the target market assessment in respect of the securities described in this Offering Memorandum has led to the conclusion that: (i) the target market for such securities is only eligible counterparties, as defined in the COBS, and professional clients only, each as defined in UK MiFIR; and (ii) all channels for distribution of such securities to eligible counterparties and professional clients are appropriate. Any person subsequently offering, selling or recommending such securities (a "**distributor**") should take into consideration the manufacturers' target market assessment; however, a distributor subject to the UK MiFIR Product Governance Rules is responsible for undertaking its own target market assessment in respect of such securities (by either adopting or refining the manufacturers' target market assessment) and determining appropriate distribution channels.

No action has been taken in any jurisdiction, including the United States, Italy, and the United Kingdom, by us or the Initial Purchasers that would permit a public offering of the Notes or the possession, circulation or distribution of this Offering Memorandum or any other material relating to us or the Notes in any jurisdiction where action for this purpose is required. Accordingly, the Notes may not be offered or sold, directly or indirectly, and neither this Offering Memorandum nor any other offering material or advertisements in connection with the Notes may be distributed or published, in or from any country or jurisdiction, except in compliance with any applicable rules and regulations of any such country or jurisdiction. This Offering Memorandum does not constitute an offer to sell or a solicitation of an offer to purchase in any jurisdiction where such offer or solicitation would be unlawful. Persons into whose possession this Offering Memorandum comes are advised to inform themselves about and to observe any restrictions relating to the offering of the Notes, the distribution of this Offering Memorandum and resale of the Notes. See "*Transfer Restrictions*".

The Issuer has also agreed that it will not at any time offer, sell, contract to sell, pledge or otherwise dispose of, directly or indirectly, any securities under circumstances in which such offer, sale, pledge, contract or disposition would cause the exemption afforded by Section 4(a)(2) of the Securities Act or the safe harbors of Rule 144A and Regulation S to cease to be applicable to the offer and sale of the Notes.

It is expected that delivery of the Notes will be made against payment therefor on or about the Issue Date, which will be the fifth business day following the date of pricing of the Notes (such settlement being herein referred to as "**T+5**"). Under Rule 15(c)6-l under the Exchange Act, trades in the secondary market generally are required to settle in one business day, unless the parties to any such trades expressly agree otherwise. Accordingly, purchasers who wish to trade the Notes on the date of pricing or the next three succeeding business days will be required, by virtue of the fact that the Notes initially will settle in T+5, to specify an alternate settlement cycle at the time of any such trade to prevent failed settlement. Purchasers of the Notes who wish to make such trades should consult their own advisors.

The Notes are a new issue of securities, and there is currently no established trading market for the Notes. In addition, the Notes are subject to certain restrictions on resale and transfer as described under "*Transfer*

Restrictions." The Issuer will make an application to list the Notes on the Official List of the LuxSE and to have the Notes admitted to trading on the Euro MTF Market. However, the Issuer cannot assure you that such listing will be accepted or maintained.

The Initial Purchasers have advised us that they intend to make a market in the Notes, as permitted by applicable law. The Initial Purchasers are not, however, obligated to make a market in the Notes and may discontinue any market making in the Notes at any time in their sole discretion without notice. In addition, any such market making activity will be subject to the limits imposed by the U.S. Securities Act and the U.S. Exchange Act. Accordingly, we cannot assure you that any market for the Notes will develop, that it will be liquid if it does develop, or that you will be able to sell any Notes at a particular time or at a price which will be favorable to you. If an active trading market for the Notes does not develop, the market price and liquidity of the Notes may be adversely affected. If the Notes are traded, they may trade at a discount from their initial offering price, depending on prevailing interest rates, the market for similar securities, our operating performance and financial condition, general economic conditions and other factors. See "*Risk factors—Risks Related to the Notes, the Notes Guarantees and the Collateral—There may not be an active trading market for the Notes, in which case your ability to sell the Notes will be limited.*" Banca Akros S.p.A. is not a U.S. registered broker-dealer, and will not effect any offers or sales of any notes in the United States.

You should be aware that the laws and practices of certain countries require investors to pay stamp duty, taxes and other charges in connection with purchases of securities.

The Initial Purchasers may engage in over-allotment, stabilizing transactions, covering transactions and penalty bids in accordance with Regulation M under the Exchange Act. Over-allotment involves sales in excess of the offering size, which creates a short position for the relevant Initial Purchaser. Stabilizing transactions permit the Initial Purchasers to purchase the underlying security so long as the stabilizing bids do not exceed a specified maximum. Covering transactions involve purchases of the Notes in the open market after the distribution has been completed in order to cover short positions. Penalty bids permit the Initial Purchasers to reclaim a selling concession from a broker or dealer when the Notes originally sold by that broker or dealer are purchased in a stabilizing or covering transaction to cover short positions.

In connection with the Offering, the Stabilization Manager, or a person acting on its behalf, may engage in transactions that stabilize, maintain or otherwise affect the price of the Notes. The Stabilization Manager may also over-allot the offering, creating a syndicate short position, and may bid for and purchase Notes in the open market to cover the syndicate short position. In addition, the Stabilization Manager may bid for and purchase Notes in market making transactions as permitted by applicable laws and regulations and impose penalty bids. These activities may stabilize or maintain the respective market price of the Notes above market levels that may otherwise prevail. The Stabilization Manager is not required to engage in these activities, and may end these activities at any time. Accordingly, no assurance can be given as to the liquidity of, or trading markets for, the Notes.

These stabilizing transactions, covering transactions and penalty bids may cause the price of the Notes to be higher than it would otherwise be in the absence of these transaction. These transactions may begin on or after the date on which adequate public disclosure of the terms of the offering of the Notes is made and, if commenced, may be discontinued at any time at the sole discretion of the Initial Purchasers. If these activities are commenced, they must end no later than the earlier of 30 days after the date of issuance of the Notes and 60 days after the date of the allotment of the Notes. These transactions may be effected in the over-the-counter market or otherwise.

The Initial Purchasers and/or their respective affiliates are full-service financial institutions, engaged in various activities, which may include securities trading, commercial investment banking, financial advising, investment management, principal investment, hedging, financing and brokerage activities. The Initial Purchasers or their respective affiliates from time to time have provided in the past, provide currently and may provide in the future, commercial lending and banking, investment banking, hedging, consulting and financial advisory services to the Issuer, the Guarantors and their respective subsidiaries and affiliates in the ordinary course of business for which they have received, and in the future may receive, customary fees, commissions and expenses. The Initial Purchasers or their respective affiliates are lenders or agents under the Revolving Credit Facility, receive customary fees for their services in such capacities. In addition, certain of Initial Purchasers or their respective affiliates may hold Existing Notes.

In addition, in the ordinary course of their business activities, the Initial Purchasers and their affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own account and for the accounts of their customers.

Such investments and securities activities may involve securities and/or instruments of the Issuer, the Guarantors or their respective affiliates (including the Notes). The Initial Purchasers or their affiliates may decide to initially purchase and hold a portion of the Notes for their own accounts. Funds and/or other investment vehicles advised by affiliates of any of the Sponsors may place a purchase order for and be allocated Notes at a purchase price per Note equal to the relevant issue price set forth on the cover page of this Offering Memorandum.

Certain of the Initial Purchasers or their affiliates that have a lending relationship with the Issuer or its affiliates routinely hedge, and certain of those Initial Purchasers or their affiliates may hedge, their credit exposure to the Issuer and/or its affiliates consistent with their customary risk management policies. Typically, such Initial Purchasers and their affiliates would hedge such exposure by entering into transactions which consist of either the purchase of credit default swaps or the creation of short positions in securities (including potentially the Notes). Any such short positions could adversely affect future trading prices of Notes. The Initial Purchasers and their affiliates may also make investment recommendations and/or publish or express independent research views in respect of such securities or financial instruments and may hold, or recommend to clients that they acquire, long and/or short positions in such securities and instruments.

TRANSFER RESTRICTIONS

You are advised to consult legal counsel prior to making any offer, resale, pledge or other transfer of any of the Notes and the Notes Guarantees offered hereby.

The Notes and the Notes Guarantees are subject to restrictions on transfer as summarized below. By purchasing Notes, you will be deemed to have made the following acknowledgements, representations to and agreements with the Issuer and the Initial Purchasers:

(1) You understand and acknowledge that:

(i) the Notes have not been registered under the U.S. Securities Act or any other securities laws and are being offered for resale in transactions that do not require registration under the U.S. Securities Act or any other securities laws; and

(ii) unless so registered, the Notes may not be offered, sold or otherwise transferred except under an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act or any other applicable securities laws, and in each case in compliance with the conditions for transfer set forth in paragraphs 5, 6 and 7 below.

(2) You acknowledge that this Offering Memorandum relates to an offering that is exempt from registration under the U.S. Securities Act or any other applicable securities laws and may not comply in important respects with SEC rules that would apply to an offering document relating to a public offering of securities.

(3) You represent that you are not an "affiliate" (as defined in Rule 144 under the U.S. Securities Act) of the Issuer, that you are not acting on our behalf and you are a "qualified institutional buyer" (as defined in Rule 144A under the U.S. Securities Act) and are purchasing Notes for your own account or for the account of another qualified institutional buyer, and you are aware that the Initial Purchasers are selling the Notes to you in reliance on Rule 144A

(4) You acknowledge that none of the Issuer, the Guarantors, the Initial Purchasers or any person representing the Issuer, the Guarantors or the Initial Purchasers has made any representation to you with respect to the Issuer, the Guarantors or the offering of the Notes, other than the information contained in this Offering Memorandum. Accordingly, you acknowledge that no representation or warranty is made by the Initial Purchasers or any person representing the Initial Purchasers as to the accuracy or completeness of such materials. You represent that you are relying only on this Offering Memorandum in making your investment decision with respect to the Notes. You agree that you have had access to such financial and other information concerning the Group and the Notes as you have deemed necessary in connection with your decision to purchase Notes, including an opportunity to ask questions of and request information from the Group and the Initial Purchasers.

(5) You represent that you are purchasing the Notes for your own account, or for one or more investor accounts for which you are acting as a fiduciary or agent, in each case not with a view to, or for offer or sale in connection with, any distribution of the Notes in violation of the U.S. Securities Act or any state securities laws, subject to any requirement of law that the disposition of your property or the property of that investor account or accounts be at all times within your or their control and subject to your or their ability to resell the Notes pursuant to Rule 144A or any other available exemption from registration under the U.S. Securities Act, or in any transaction not subject to the U.S. Securities Act. You agree on your own behalf and on behalf of any investor account for which you are purchasing Notes, and each subsequent holder of the Notes by its acceptance of the Notes will agree, that until the end of the Resale Restriction Period (as defined below), the Notes may be offered, sold or otherwise transferred only:

(i) to the Issuer, the Guarantors or any subsidiaries thereof;

(ii) under a registration statement that has been declared effective under the U.S. Securities Act;

(iii) for so long as the Notes are eligible for resale under Rule 144A, to a person the seller reasonably believes is a qualified institutional buyer that is purchasing for its own account or for the account of another qualified institutional buyer and to whom notice is given that the transfer is being made in reliance on Rule 144A;

(iv) through offers and sales that occur outside the United States within the meaning of Regulation S under the U.S. Securities Act;

(v) under any other available exemption from the registration requirements of the U.S. Securities Act,

subject in each of the above cases to any requirement of law that the disposition of the seller's property or the property of an investor account or accounts be at all times within the seller or account's control and to compliance with any applicable state securities laws and any applicable local laws and regulations.

You also acknowledge that to the extent that you hold the Notes through an interest in a global note, the Resale Restriction Period (as defined below) may continue until one year after the Issuer, or any affiliate of the Issuer, was the owner of such note or an interest in such global note, and so may continue indefinitely.

(6) You also acknowledge that:

(i) the above restrictions on resale will apply from the closing date until the date that is one year (in the case of Rule 144A Notes) after the later of the closing date, the closing date of the issuance of any additional Notes and the last date that we or any of our affiliates was the owner of the Notes or any predecessor of the Notes, and will not apply after the applicable Resale Restriction Period ends;

(ii) if a holder of Notes proposes to resell or transfer Notes under clause (5)(iii) above before the applicable Resale Restriction Period ends, the seller must deliver to the Issuer and the Trustee a letter from the purchaser in the form set forth in the Indenture which must provide, among other things, that the purchaser is a qualified institutional buyer that is acquiring the Notes not for distribution in violation of the U.S. Securities Act;

(iii) the Issuer, the Registrar and the Trustee reserve the right to require in connection with any offer, sale or other transfer of Notes under clauses 5(iii) and (iv) above the delivery of an opinion of counsel, certifications and/or other information satisfactory to the Issuer, the Registrar and the Trustee; and

(iv) each Note will contain a legend substantially to the following effect:

THIS NOTE HAS NOT BEEN AND WILL NOT BE REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE "U.S. SECURITIES ACT"), OR THE SECURITIES LAWS OF ANY STATE OR OTHER JURISDICTION. NEITHER THIS NOTE NOR ANY INTEREST OR PARTICIPATION HEREIN MAY BE OFFERED, SOLD, ASSIGNED, TRANSFERRED, PLEDGED, ENCUMBERED OR OTHERWISE DISPOSED OF IN THE ABSENCE OF SUCH REGISTRATION UNLESS SUCH TRANSACTION IS EXEMPT FROM, OR NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE U.S. SECURITIES ACT.

THE HOLDER OF THIS NOTE, BY ITS ACCEPTANCE HEREOF, AGREES ON ITS BEHALF AND ON BEHALF OF ANY INVESTOR FOR WHICH IT HAS PURCHASED SECURITIES TO OFFER, SELL OR OTHERWISE TRANSFER SUCH NOTE ONLY (A) TO THE ISSUER OR ANY SUBSIDIARY THEREOF, (B) PURSUANT TO A REGISTRATION STATEMENT WHICH HAS BEEN DECLARED EFFECTIVE UNDER THE U.S. SECURITIES ACT, (C) FOR SO LONG AS THE NOTES ARE ELIGIBLE FOR RESALE PURSUANT TO RULE 144A UNDER THE U.S. SECURITIES ACT, TO A PERSON IT REASONABLY BELIEVES IS A "QUALIFIED INSTITUTIONAL BUYER" AS DEFINED IN RULE 144A UNDER THE U.S. SECURITIES ACT THAT PURCHASES FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF A QUALIFIED INSTITUTIONAL BUYER TO WHOM NOTICE IS GIVEN THAT THE TRANSFER IS BEING MADE IN RELIANCE ON RULE 144A UNDER THE U.S. SECURITIES ACT, (D) PURSUANT TO OFFERS AND SALES IN OFFSHORE TRANSACTIONS IN ACCORDANCE WITH REGULATION S UNDER THE U.S. SECURITIES ACT OR (E) PURSUANT TO ANY OTHER AVAILABLE EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THE U.S. SECURITIES ACT, SUBJECT IN EACH OF THE FOREGOING CASES TO ANY REQUIREMENT OF LAW THAT THE DISPOSITION OF ITS PROPERTY OR THE PROPERTY OF SUCH INVESTOR ACCOUNT OR ACCOUNTS BE AT ALL TIMES WITHIN ITS OR THEIR

CONTROL AND IN COMPLIANCE WITH ANY APPLICABLE SECURITIES LAWS AND ANY APPLICABLE LOCAL LAWS AND REGULATIONS AND FURTHER SUBJECT TO THE ISSUER'S AND THE TRUSTEE'S RIGHTS PRIOR TO ANY SUCH OFFER, SALE OR TRANSFER (I) PURSUANT TO CLAUSE (E) TO REQUIRE THE DELIVERY OF AN OPINION OF COUNSEL, CERTIFICATION AND/OR OTHER INFORMATION SATISFACTORY TO EACH OF THEM AND (II) IN EACH OF THE FOREGOING CASES, TO REQUIRE THAT A CERTIFICATE OF TRANSFER IN THE FORM APPEARING ON THE OTHER SIDE OF THIS NOTE IS COMPLETED AND DELIVERED BY THE TRANSFEROR TO THE TRUSTEE AND (3) AGREES THAT IT WILL GIVE TO EACH PERSON TO WHOM THIS NOTE IS TRANSFERRED A NOTICE SUBSTANTIALLY TO THE EFFECT OF THIS LEGEND. AS USED HEREIN, THE TERMS "OFFSHORE TRANSACTION" AND "UNITED STATES" HAVE THE MEANINGS GIVEN TO THEM BY REGULATION S UNDER THE U.S. SECURITIES ACT

If you purchase Notes, you will also be deemed to acknowledge that the foregoing restrictions apply to holders of beneficial interests in these Notes as well as to holders of these Notes.

(7) It understands that the issuance of Additional Notes under the Indenture may have the effect of extending the Resale Restriction Period.

(8) You agree that you will give to each person to whom you transfer the Notes notice of any restrictions on the transfer of such Notes.

(9) You acknowledge that the Trustee will not be required to accept for registration or transfer any Notes acquired by you except upon presentation of evidence satisfactory to the Issuer and the Trustee that the restrictions set forth therein have been complied with.

(10) You acknowledge that we, the Initial Purchasers and others will rely upon the truth and accuracy of the above acknowledgments, representations and agreements. You agree that if any of the acknowledgments, representations or agreements you are deemed to have made by your purchase of Notes are no longer accurate, you will promptly notify the Issuer and the Initial Purchasers. If you are purchasing any Notes as a fiduciary or agent for one or more investor accounts, you represent that you have sole investment discretion with respect to each of those accounts and that you have full power to make the above acknowledgments, representations and agreements on behalf of each account.

(11) You understand that no action has been taken in any jurisdiction (including the United States) by the Issuer, the Guarantors or any of the Initial Purchasers that would result in a public offering of the Notes or the possession, circulation or distribution of this Offering Memorandum or any other material relating to us or the Notes in any jurisdiction where action for such purpose is required. Consequently, any transfer of the Notes will be subject to the selling restrictions set forth under "*Note to Prospective U.S. Investors*" and "*Plan of Distribution.*"

(12) By acquiring the Notes, you will be deemed to have further represented and agreed as follows: (A) with respect to the acquisition, holding and disposition of the Notes, or any interest therein, either (i) no portion of the assets used by you to acquire or hold the Notes constitutes assets of any employee benefit plan that is subject to Title I of the Employee Retirement Income Security Act of 1974, as amended ("**ERISA**"), individual retirement account or other plan or arrangement that is subject to Section 4975 of the Internal Revenue Code of 1986, as amended (the "**Code**"), employee benefit plans that are governmental plans (as defined in Section 3(32) of ERISA), certain church plans (as defined in Section 3(33) of ERISA), non-U.S. plans (as described in Section 4(b)(4) of ERISA) or other plans that are not subject to the foregoing but may be subject to federal, state, local, non-U.S. or other laws, rules or regulations that are similar to such provisions of ERISA or the Code (collectively, "**Similar Laws**"), or entity whose underlying assets are considered to include "plan assets" (within the meaning of 29 C.F.R. Section 2510.3-101 (as modified by Section 3(42) of ERISA)) of any such plan, account or arrangement (each, a "**Plan**"), or (ii) the acquisition and holding of the Notes by you does not and will not constitute or result in a non-exempt prohibited transaction under the provisions of Section 406 of ERISA or Section 4975 of the Code, or any violation of Similar Laws, and (B) none of the Issuer, the Guarantors or any of the Initial Purchasers or any other party to the transactions contemplated by this Offering Memorandum or any of their respective affiliates is acting, or will act, as a fiduciary to any Plan with respect to the decision to purchase or hold the Notes or is undertaking to provide impartial investment advice or give advice in a fiduciary capacity with respect to your decision to purchase or hold the Notes.

(13) You represent, warrant and agree that:

(i) if you (or, if you are not the beneficial owner, the beneficial owner) are not a "United States person" as defined in Section 7701(a)(30) of the Code, (i) you (or the beneficial owner) qualify for an exemption from U.S. federal withholding tax with respect to payments of interest pursuant to an applicable income tax treaty to which the United States is a party; or (ii)(x) you (or the beneficial owner) do not, actually or constructively, own 10% or more of the Issuer's voting stock within the meaning of Section 871(h)(3)(B) of the Code; (y) you are not a controlled foreign corporation related to the Issuer through actual or constructive stock ownership for U.S. federal income tax purposes; and (z) you are not a "bank" within the meaning of Section 881(c)(3)(A) of the Code;

(ii) you (and any intermediary through which you hold the Notes) qualify for an exemption from any taxes imposed under the U.S. Foreign Account Tax Compliance Act (which shall, for this purpose, refer to any taxes imposed under Sections 1471 through 1474 of the Code (and any amended or successor version), any current or future regulations or official interpretations thereof, any agreements entered into pursuant to Section 1471(b)(1) of the Code, or any law or regulation implementing an intergovernmental agreement between a non-U.S. jurisdiction and the United States with respect to the foregoing);

(iii) you are able to provide (and will provide) any required U.S. tax documentation to certify to the foregoing representations or to your status as a "United States person" as defined in Section 7701(a)(30) of the Code upon reasonable request by the Issuer or an applicable withholding agent; and

(iv) you agree to give to each person to whom you transfer the Notes notice of its requirement to meet the foregoing tax representations and documentation requirements.

LEGAL MATTERS

The validity of the Notes and certain other legal matters are being passed upon for us by Latham & Watkins (London) LLP with respect to matters of U.S. federal, New York state, English and Italian law, by Maisto Studio Associato with respect to matters of Italian tax law. Certain legal matters will be passed upon for the Initial Purchasers by Milbank LLP with respect to matters of U.S. federal, New York state and English law, and by PedersoliGattai with respect to matters of Italian law.

INDEPENDENT AUDITORS

The consolidated financial statements of the Issuer for the years ended December 31, 2021, 2022 and 2023, of which the English translation is included elsewhere in this Offering Memorandum, have been audited by EY S.p.A., independent auditors, as stated in the English translation of their reports appearing herein.

The auditors' report on the Issuer's consolidated financial statements for the year ended December 31, 2023 was unqualified but included emphasis of matter paragraphs regarding disclosures made by our directors and contained in the explanatory notes (see notes 2.3 and 15 to the Audited Consolidated Financial Statements for the year ended December 31, 2023) with respect to their evaluation of the Group's ability to continue as a going concern, as well as ongoing disputes.

The auditors' reports on the Issuer's consolidated financial statements for the years ended December 31, 2021 and 2022 were unqualified but included emphasis of matter paragraph regarding disclosures made by our directors and contained in the explanatory notes (see notes 15 and 19 to the Audited Consolidated Financial Statements for the years ended December 31, 2021 and 2022) with respect to the sanction imposed by the Italian Competition Authority (*Autorità Garante della Concorrenza e del Mercato*) on May 9, 2019, and its related effects on the consolidated financial statements.

EY S.p.A.'s registered office is at Via Meravigli 12, Milan, Italy, and it is registered under No. 70954 in the Register of Accountancy Auditors (*Registro dei Revisori Legali*) held by the Italian Ministry of Economy and Finance in compliance with the provision of Legislative Decree No. 39, of January 27, 2010.

AVAILABLE INFORMATION

Each purchaser of Notes from an Initial Purchaser will be furnished an electronic copy of this Offering Memorandum and any related amendments or supplements to this Offering Memorandum. Each person receiving this Offering Memorandum and any related amendments or supplements to this Offering Memorandum acknowledges that:

(1) such person has been afforded an opportunity to request from us and to review and has received, all additional information considered by it to be necessary to verify the accuracy and completeness of the information herein;

(2) such person has not relied on the Initial Purchasers or any person affiliated with the Initial Purchasers in connection with its investigation of the accuracy of such information or its investment decision; and

(3) except as provided pursuant to clause (1) above, no person has been authorized to give any information or to make any representation concerning the Notes or the Notes Guarantees offered hereby other than those contained herein and, if given or made, such other information or representation should not be relied upon as having been authorized by either us or the Initial Purchasers.

For so long as any of the Notes remain outstanding and are “restricted securities” within the meaning of Rule 144(a)(3) under the U.S. Securities Act, we will, during any period in which we are not subject to Section 13 or 15(d) under the U.S. Exchange Act, nor exempt from reporting thereunder pursuant to Rule 12g3-2(b), make available to any holder or beneficial holder of a Note, or to any prospective purchaser of a Note designated by such holder or beneficial holder, the information specified in, and meeting the requirements of, Rule 144A(d)(4) under the U.S. Securities Act upon the written request of any such holder or beneficial owner. Any such request with respect to the Notes should be directed to the Issuer at Via Dei Mercanti 12, 20121 Milan (MI), Italy.

We are currently not subject to the periodic reporting and other information requirements of the U.S. Exchange Act. However, pursuant to the Indenture, we will agree to furnish periodic information to the holders of the Notes. See “*Description of the Notes—Certain Covenants—Reports.*” Copies of the Indenture (which includes the form of the Notes) and the Intercreditor Agreement may also be obtained by request to the Issuer.

So long as the Notes are admitted to trading on the Euro MTF Market and to listing on the Official List of the LuxSE, and the rules and regulations of such stock exchange so require, copies of such information will also be available for review during the normal business hours on any business day at the specified office of the Issuer.

SERVICE OF PROCESS AND ENFORCEMENT OF CIVIL LIABILITIES

The Issuer is incorporated under the laws of Italy. The Guarantors of the Notes are incorporated under the laws of Italy. The Indenture (including the Notes Guarantees) and the Notes will be governed by New York law. The Intercreditor Agreement and the Revolving Credit Facility Agreement are governed by the laws of England and Wales. The documents relating to the Collateral for the Notes will be governed by Italian and New York law, as applicable. All of the directors and executive officers of the Issuer and most of the directors and executive officers of the Guarantors are non-residents of the United States. Because substantially all of the assets of the Issuer and of the Guarantors, and its and their directors and executive officers, in each case other than Lumens, are located outside the United States, any judgment obtained in the United States against the Issuer or the Guarantors or any such other non-U.S. resident person, including judgments with respect to the payment of principal, premium (if any) and interest on the Notes or any judgment of a U.S. court predicated upon civil liabilities under U.S. federal or state securities laws, may not be collectible in the United States. Furthermore, although the Issuer and the Guarantors will appoint an agent for service of process in the United States and will submit to the jurisdiction of New York courts, in each case, in connection with any action in relation to the Notes and the Indenture or under U.S. federal or state securities laws, it may not be possible for investors to effect service of process on us or on such other persons as mentioned above within the United States in any action, including actions predicated upon the civil liability provisions of U.S. federal or state securities laws. It may be possible for investors to effect service of process within other jurisdictions (including Italy) upon those persons, the Issuer or any Guarantor of the Notes *provided* that, for example, The Hague Convention on the Service Abroad of Judicial and Extrajudicial Documents in Civil or Commercial Matters of November 15, 1965 is complied with.

If a judgment is obtained in a U.S. court against the Issuer or any Guarantor not located in the United States, investors will need to enforce such judgment in jurisdictions where the relevant company has assets. Even though the enforceability of U.S. court judgments outside the United States is described below for the countries in which each of the Guarantors or the Collateral is located, you should consult with your own advisors in any pertinent jurisdictions as needed to enforce a judgment in those countries or elsewhere outside the United States.

The Notes offered hereby are governed by New York law. However, the Issuer's creation and issuance of the Notes (i.e. its corporate resolutions) and the Guarantors' approval of documentation that they are a party to, are governed by Italian law.

Italy

Recognition and enforcement in Italy of final, enforceable and conclusive, judgments rendered by U.S. courts, even if obtained by default, may not require retrial and will be enforceable in Italy, *provided* that pursuant to Article 64 of Italian Law No. 218 of May 31, 1995 (*Riforma del sistema italiano di diritto internazionale privato*), among others, the following conditions are met:

- the U.S. court which rendered the final judgment had jurisdiction according to Italian law principles of jurisdiction;
- the relevant summons and complaint were appropriately served on the defendants in accordance with U.S. law and during the proceedings the essential rights of the defendant have not been violated;
- the parties to the proceeding appeared before the court in accordance with U.S. law or, in the event of default by defendant, the U.S. court declared such default in accordance with U.S. law;
- the judgment is final and binding and not subject to any further appeal (*passato in giudicato*) in accordance with U.S. law;
- there is no conflicting final judgment rendered by an Italian court;
- there is no action pending in Italy among the same parties for decision on the same matter which commenced prior to the action in the United States; and
- the provisions of such judgment would not violate Italian public policy (*ordine pubblico*).

In addition, pursuant to Article 67 of Italian Law No. 218 of May 31, 1995, if a judgment rendered by a U.S. court is not complied with, its recognition is challenged or its compulsory enforcement is necessary, then a proceeding

shall be initiated before the competent Court of Appeal in Italy to that end. The competent Court of Appeal does not consider the merits of the case but exclusively ascertains the fulfillment of all the conditions set out above.

In original actions brought before Italian courts, the enforceability of liabilities or remedies based solely on the U.S. federal securities law is debatable. In addition, in original actions brought before Italian courts, Italian courts may apply not only Italian rules of civil procedure, but also certain substantive provisions of Italian law that are regarded as mandatory and may refuse to apply the U.S. law provisions or grant some of the remedies sought (e.g., punitive damages) if their application violates Italian public policy and/or any mandatory provisions of Italian law.

CERTAIN LIMITATIONS ON VALIDITY AND ENFORCEABILITY OF THE NOTES GUARANTEES AND THE COLLATERAL AND CERTAIN INSOLVENCY LAW CONSIDERATIONS

The following is a summary of certain limitations on the validity and enforceability of the Notes Guarantees and the security interests being provided for the Notes and a summary of certain insolvency law considerations in effect in Italy, the jurisdictions in which the Issuer and the Guarantors are incorporated or organized. The description below is a summary only, and proceedings (bankruptcy, insolvency or similar events) could be initiated in such jurisdiction and in the jurisdiction of incorporation or organization of any future guarantor or future security provider of the Notes, and it does not purport to be complete or to discuss all the limitations or considerations that may affect the validity and enforceability of the Notes or the Notes Guarantees or security interests being provided for the Notes. The application of these various laws in multiple jurisdictions could trigger disputes over which jurisdiction and law should apply and could adversely affect your ability to enforce your rights and to collect payment in full under the Notes, the Notes Guarantees and the security interests in the Collateral. Prospective investors should consult their own legal advisors with respect to such limitations and considerations.

European Union

The Issuer and the Guarantors are organized under the laws of Member States of the European Union.

Regime Applicable to Insolvency Proceedings opened after June 26, 2017

Regulation (EU) 2015/848 of the European Parliament and of the Council, of May 20, 2015, on insolvency proceedings (the "**Insolvency Regulation**") applies to insolvencies which commence after June 26, 2017 (subject to certain exceptions).

Main insolvency proceedings

Pursuant to Article 3(1) of the Insolvency Regulation, the court which shall have jurisdiction to open insolvency proceedings in relation to a company is the court of the EU member state (other than Denmark) where the company concerned has its "center of main interests" (which according to such Article 3(1) of the Insolvency Regulation is "*the place where the debtor conducts the administration of its interests on a regular basis and which is ascertainable by third parties*"). The determination of where any such company has its "center of main interests" is a question of fact on which the courts of the different EU member states may have differing and conflicting views.

The term "center of main interests" is not a static concept and may change from time to time but is determined for the purposes of deciding which courts have competent jurisdiction to open insolvency proceedings at the time of the filing of the insolvency petition. Moreover, the determination of where a debtor has its center of main interest is a question of fact on which the courts of the different EU member states may have differing and even conflicting views. Article 3(1), second sentence, of the Insolvency Regulation states that a company's center of main interest "shall be the place where the debtor conducts the administration of its interests on a regular basis and which is ascertainable by third parties". In the case of a company or legal person, the center of main interests is presumed to be located in the country of the registered office in the absence of proof to the contrary. That presumption shall only apply if the registered office has not been moved to another EU member state within the three-month period prior to the request for the opening of insolvency proceedings. Specifically, the presumption of the center of main interests being at the place of the registered office should be rebuttable if the company's central administration is located in an EU member state other than the one where it has its registered office, and where a comprehensive assessment of all the relevant factors establishes, in a manner that is ascertainable by third parties, that the company's actual center of management and supervision and the center of the management of its interests is located in that other EU member state. In that respect, the factors that courts may take into consideration when determining the center of main interests of a debtor can include where board meetings are held, the location where the debtor conducts the majority of its business or has its head office and the location where the majority of the debtor's creditors are established and where they recognize as being the center of the company's operations.

If the center of main interests of a company, at the time an insolvency application is made, is located in an EU member state (other than Denmark), only the courts of that EU member state have jurisdiction to open main insolvency proceedings in respect of that company under the Insolvency Regulation. The types of insolvency proceedings which may be opened as main proceedings in the relevant jurisdiction are listed in Annex A to the Insolvency Regulation. Insolvency proceedings commenced in one EU member state under the Insolvency

Regulation are to be recognized in the other EU member state (other than Denmark), although secondary insolvency proceedings or territorial insolvency proceedings may be commenced in another EU member state (other than Denmark).

If the center of main interests of a company is in one EU member state (other than Denmark), under Article 3(2) of the Insolvency Regulation, the courts of another EU member state (other than Denmark) have jurisdiction (subject to certain exceptions) to open secondary and territorial insolvency proceedings against that company only if such company has an "establishment" (within the meaning and as defined in Article 2(10) of the Insolvency Regulation) in the territory of such other EU member state. Secondary proceedings may be any insolvency proceeding listed in Annex A of the Insolvency Regulation and, for avoidance of doubt, are not limited to winding-up proceedings. Territorial proceedings are, in effect, secondary proceedings which are commenced prior to the opening of main insolvency proceedings. An "establishment" is defined to mean any place of operations where the company carries out or has carried out in the three-month period prior to the request to open main insolvency proceedings a non-transitory economic activity with human means and assets. The effects of those insolvency proceedings opened in that other EU member state are restricted to the assets of the company which are situated in such other EU member state.

Pursuant to Article 3(4) of the Insolvency Regulation, where main proceedings in the EU member state in which the company has its center of main interests have not yet been opened, territorial insolvency proceedings can only be opened in another EU member state where the company has an establishment and either: (a) insolvency proceedings cannot be opened in the EU member state in which the company's center of main interests is situated under that EU member state's law; or (b) the territorial insolvency proceedings are opened at the request of (i) a creditor whose claim arises from the operation of the establishment situated within the territory of the EU member state where the opening of territorial proceedings is requested or (ii) a public authority which, under the law of the EU member state within the territory of which the establishment is situated, has the right to request the opening of such proceedings. When main insolvency proceedings are opened, territorial insolvency proceedings become secondary insolvency proceedings. Irrespective of whether the insolvency proceedings are main or secondary insolvency proceedings, such proceedings will always, subject to certain exemptions, be governed by the *Lex fori concursus*, that is, the local insolvency law of the court that has assumed jurisdiction for the insolvency proceedings of the debtor.

The courts of all EU member states (other than Denmark) must recognize the judgment of the court opening main proceedings (subject to any public policy exceptions) and give the same effect to the order in the other relevant EU member state so long as no secondary proceedings or territorial insolvency proceedings have been opened there and subject to certain other exceptions (for instance, rights *in rem* situated in another EU member state remain subject to the original laws governing such rights). The insolvency officeholder appointed by a court in a EU member state that has jurisdiction to open main proceedings may exercise the powers conferred on him by the law of that EU member state in another EU member state (such as to remove assets of the company from that other EU member state), subject to certain limitations, so long as no insolvency proceedings have been opened in that other EU member state or any preservation measure taken to the contrary further to a request to open insolvency proceedings in that other EU member state where the company has assets. The Insolvency Regulation has created a treatment for groups of companies experiencing difficulties by the commencement of group coordination proceedings and the appointment of an insolvency practitioner in order to facilitate the effective administration of the insolvency proceedings of our group's members.

In addition, the concept of "*group coordination proceedings*" has been introduced in the Insolvency Regulation with the aim of bolstering communication and efficiency in the insolvency of several members of a group of companies in one or more member states of the EU (other than Denmark). Under Article 61 of the Insolvency Regulation, group coordination proceedings may be requested before any court having jurisdiction over the insolvency proceedings of a member of the group, by an insolvency practitioner appointed in insolvency proceedings opened in relation to a member of the group. Participation in group proceedings and adherence to the coordinating insolvency practitioner's recommendations or plan however is voluntary.

Whereas the Insolvency Regulation primarily deals with jurisdictional and procedural matters in connection with insolvency proceedings, Directive (EU) 2019/1023 of 20 June 2019 on preventive restructuring frameworks, on discharge of debt and disqualifications, and on measures to increase the efficiency of procedures concerning restructuring, insolvency and discharge of debt, and amending Directive (EU) 2017/1132 (the "**Restructuring Directive**") has been introduced to partially harmonize substantive insolvency law across the Member States. The Restructuring Directive has to be adopted by all EU member states by 17 July 2021 (subject to possible extension). The Restructuring Directive provides a number of principles and minimum standards, together with certain

discretionary provisions and measures, aimed at creating effective preventative restructuring (or "second chance") frameworks in EU member states and making insolvency procedures more time and cost efficient.

The preventative restructuring procedures introduced by the Restructuring Directive contemplate a debtor-in-possession process, whereby debtors remain at least partially in control of their assets and the day-to-day operations of their business while benefitting from a stay on individual enforcement actions. The Restructuring Directive further contemplates a 'restructuring plan' process pursuant to which companies may agree compromise arrangements with their stakeholders, provided the proposal is approved by a majority of no more than 75% of the amount of claims or interests, or (where applicable) of the number, of affected parties in each class. Restructuring plans must allow for cross-class cramdowns, meaning one or more classes of affected parties may be bound by a compromise on the basis of the approval of one or more other classes, provided the plan is confirmed by a judicial or administrative authority. To the extent that a debtor's equity-holders do not participate in a restructuring plan, legislation must prevent them from unreasonably obstructing the adoption of the restructuring plan. New or interim financing granted during a restructuring process must be exempt from anti-avoidance rules (unless additional grounds under domestic law are present) and may be accorded priority over existing debts, and other restructuring related transactions which are reasonable and necessary for the negotiation of a restructuring plan are to be protected in a subsequent insolvency of the debtor.

In the event that any one or more of the Issuer or the Guarantors experience financial difficulty, it is not possible to predict with certainty in which jurisdiction or jurisdictions insolvency or similar proceedings would be commenced, or the outcome of such proceedings. Applicable insolvency laws may affect the enforceability of the obligations and the security of the Issuer and the Guarantors.

Italy

Limitations on Validity and Enforceability of the Notes Guarantees and the Collateral

Under Italian law, the entry into a transaction (including the creation of a security interest or the granting of a guarantee) by a company incorporated under Italian law must be permitted by the applicable laws and by its bylaws (*statuto sociale*) and is subject to compliance with the rules on corporate benefit, corporate authorization and certain other Italian mandatory provisions. If a security interest or a guarantee is being provided in the context of an acquisition, group reorganization, refinancing or restructuring, financial assistance issues may also be triggered.

Corporate Benefit

An Italian company entering into a transaction (including granting a guarantee or a security interest) must receive a real and adequate benefit in exchange for the guarantee or the security interest being provided by such company. The concept of real and adequate benefit is not defined in the applicable legislation, is assessed and determined by a factual analysis on a case by case basis and its existence is a business decision of the directors and the statutory auditors, if any. As a general rule, corporate benefit is to be assessed at the level of the relevant company on a stand-alone basis, although upon certain circumstances and subject to specific rules the interest of the group to which such company belongs may also be taken into consideration. While corporate benefit for downstream guarantee or security (i.e., a guarantee guaranteeing or a security interest granted to secure financial obligations of direct or indirect subsidiaries of the relevant grantor) is usually self-evident, the validity and effectiveness of up-stream or cross stream security or guarantee (i.e., security or guarantee granted to secure financial obligations of the direct or indirect parent or sister companies of the relevant grantor) granted by an entity organized under the laws of Italy depend on the existence of a real and adequate benefit in exchange for the granted security interest or guarantee and may be challenged unless it can be proved that the grantor may derive adequate benefits or advantages from the granting of such guarantee or security. In particular, in case of an up-stream and cross-stream guarantee or security for the financial obligations of group companies, examples may include financial consideration in the form of access to cash flows through intercompany loans from other members of the group, while transactions featuring debt financings of distributions to shareholders are largely untested in Italian courts, and, therefore, limited guidance is provided as to whether and to what extent such transactions could be challenged for lack of corporate benefit and conflict of interest. Generally, the risk assumed by an Italian grantor of security or guarantor under a guarantee must not be disproportionate to the direct or indirect economic benefit to it.

As a general rule, absence of a real and adequate benefit could render the transaction (including granting a security interest or a guarantee entered into) by an Italian company *ultra vires* and potentially affected by a conflict of interest and the related corporate resolutions adopted by the shareholders and directors may be the subject matter of challenges and annulment. Civil liabilities may be imposed on the directors of an Italian grantor if a court holds

that it did not act in the best interest of the grantor and that the acts carried out do not fall within the corporate purpose of the company or were against mandatory provisions of Italian law. The lack of corporate benefit could also result in the imposition of civil liabilities on those companies or persons ultimately exercising control over an Italian grantor or having knowingly received an advantage or profit from such improper control. Moreover, the transaction (including the security interest or guarantee granted by an Italian company) could be declared null and void if the lack of corporate benefit was known or presumed to be known by the third party and such third party acted intentionally against the interest of the Italian company.

The above principles on corporate benefit apply equally to up-stream, cross-stream and down-stream guarantees or security interests granted by Italian companies.

Upon certain conditions, the granting of guarantees may be considered as a restricted financial activity within the meaning of Article 106 of Italian Legislative Decree No. 385 of September 1, 1993 (the "**Italian Banking Act**"), whose exercise is exclusively demanded to banks and authorized financial intermediaries. Non-compliance with the provisions of the Italian Banking Act may, among others, entail the relevant guarantees being considered null and void. In this respect, Italian Ministerial Decree No. 53 of April 2, 2015, implementing Article 106, paragraph 3, of the Italian Banking Act, states that the issuance of guarantees or the granting of security by a company for the obligations of another company which is part of the same group does not qualify as a restricted financial activity, whereby "group" includes controlling and controlled companies within the meaning of Article 2359 of the Italian Civil Code as well as companies which are under the control of the same entity. As a result of the above described rules, subject to the relevant guarantors and the guaranteed entity being part of the same group of companies, the provision of the guarantees would not amount to a restricted financial activity.

Financial Assistance

In addition, the granting of a security or a guarantee by an Italian company cannot include any liability which would result in unlawful financial assistance within the meaning of Article 2358 or 2474, as the case may be, of the Italian Civil Code pursuant to which, subject to specific exceptions, it is unlawful for a company to give financial assistance (whether by means of loans, security, guarantees or otherwise) to support the acquisition or subscription by a third party of its own shares or quotas or those of any entity that (directly or indirectly) controls the Italian company. Financial assistance for refinancing indebtedness originally incurred for the purchase or subscription of its own shares or quotas or those of its direct or indirect parent company would also be a violation of financial assistance provisions. Any loan, guarantee or security given or granted in breach of these provisions is null and void. In addition, directors may be personally liable for failure to act in the best interests of the company.

Article 1938 of the Italian Civil Code

Pursuant to Article 1938 of the Italian Civil Code, if a guarantee granted by a guarantor incorporated under the laws of Italy is issued to guarantee conditional or future obligations, the guarantee must be limited to a maximum amount. Such maximum amount should be expressly identified at the outset and expressed in figures (either in the guarantee deed or by reference to a separate document, such as the Indenture). In addition, as mentioned above, the guarantees granted by a guarantor incorporated under the laws of Italy must be supported by corporate benefit; in other words, the maximum guaranteed amount must be indicated in the guarantee and shall not exceed the financial capabilities of the relevant Italian guarantor. It has been held that such determination must be proportionate to the relevant Italian guarantor's assets, even if it is uncertain, however, whether courts are entitled to debate and to rule over such determinations. If such determination is deemed disproportional to the assets of the relevant Italian guarantor, there is the risk that the guarantee could be declared void.

Limitations to the Notes Guarantees and Collateral

In order to comply with the above corporate law requirements on, *inter alia*, corporate benefit and financial assistance, the maximum amount that any Guarantor incorporated under the laws of Italy (each an "**Italian Guarantor**" and, jointly, the "**Italian Guarantors**") may be required to pay in respect of its obligations as Guarantor under the Indenture, the Revolving Credit Facility Agreement, the Intercreditor Agreement and any other transaction documents related thereto, will be subject to limitations. By virtue of these limitations, an Italian Guarantor's obligation under its Notes Guarantee and/or security interests will be significantly less than amounts payable with respect to the Notes, or an Italian Guarantor may have effectively no obligation under its Notes Guarantee or security interests.

In particular, as regards to each of the Italian Guarantors, given the above limitation in relation to Italian financial assistance law and corporate benefit, notwithstanding anything to the contrary provided in the Indenture, the Revolving Credit Facility Agreement and the Intercreditor Agreement:

(a) the Notes Guarantees and security interests to be granted by each of the Italian Guarantors shall not exceed at any time an amount equal to the aggregate principal amount of any intercompany loans made available from time to time to the relevant Italian Guarantor (or any of its direct or indirect subsidiaries pursuant to Article 2359 of the Italian Civil Code) by the Issuer (whether directly or indirectly), in each case net of any proceeds already paid pursuant to the enforcement of its guarantee under the Revolving Credit Facility Agreement, the Intercreditor Agreement and/or received upon the enforcement of any security interests granted by such Italian Guarantor; provided further that no Italian Guarantor shall be liable as an Italian Guarantor and/or security provider in respect of any amounts in excess of the amount that such Italian Guarantor is entitled to set-off against its claims of recourse or subrogation (*regresso* or *surrogazione*) arising as a result of any payment made by such Italian Guarantor under the relevant Notes Guarantee and/or as a result of the enforcement of any security interests granted by the Italian Guarantor;

(b) the maximum amount guaranteed and/or secured by each of the Italian Guarantors, also in accordance with article 1938 of the Italian Civil Code (where applicable), will not exceed 120% of the outstanding principal amount of the Notes;

(c) the aggregate amount of interest in respect of the Notes guaranteed and/or secured by an Italian Guarantor will be at any time equal to the interest then outstanding in respect of a principal amount of the Notes equal to the principal amount of the Notes guaranteed and/or secured by the relevant Italian Guarantor at that time;

(d) notwithstanding any provision to the contrary in the Indenture, in order to comply with the mandatory provisions of Italian law in relation to (i) maximum interest rates (including the Italian Usury Law and article 1815 of the Italian Civil Code) and (ii) capitalization of interests (including article 1283 of the Italian Civil Code and article 120 of the Italian Legislative Decree No. 385 of 1 September 1993), the obligations of any of the Italian Guarantors under its Notes Guarantee and/or security interests granted by any of the Italian Guarantors shall not include and shall not extend to (A) any interest qualifying as usurious pursuant the Italian Usury Law and (B) any interest on overdue amounts compounded in violation of the provisions set forth by article 1283 of the Italian Civil Code and/or article 120 of the Italian Legislative Decree No. 385 of 1 September 1993, respectively.

In addition, the obligations of any Italian Guarantor and/or Italian security provider (other than the Guarantors) that becomes a Guarantor and/or a security provider will be subject to the Agreed Security Principles and will be subject to the additional limitations set forth in the relevant supplemental indenture to the Indenture and/or in the applicable security documents, in order for the applicable Italian Guarantor and/or Italian security provider to comply with the above corporate law requirements on, among others, corporate benefit and financial assistance.

The maximum amount that an Italian Guarantor and/or Italian security provider may be required to pay in respect of its obligations as Guarantor under the Indenture and/or security grantor under the relevant security documents upon enforcement of the security interests granted by such Italian Guarantor (if any) will ratably concur and not cumulate with the corresponding amounts due by such Italian Guarantor and/or Italian security provider to any guaranteed and/or secured creditor pursuant to the Revolving Credit Facility Agreement and/or the Intercreditor Agreement (including any guaranteed and/or secured creditors with respect to any further *pari passu* indebtedness contemplated under the Intercreditor Agreement) and/or any security documents, and *vice versa*. For the avoidance of doubt, by virtue of the abovementioned limitations applicable to the guarantees and the security interests granted by an Italian Guarantor, the obligations of each Italian Guarantor as guarantor and/or security provider under the Notes, the Indenture, the Revolving Credit Facility Agreement, the Intercreditor Agreement and/or any agreement regulating future *pari passu* indebtedness contemplated under the Intercreditor Agreement, the security documents relating to the Collateral and any other transaction documents related thereto shall not be deemed to be cumulative and shall be considered without duplication, and the transaction documents will provide that the aggregate amount of the proceeds deriving from any enforcement of any such guarantee and/or security obligations of the relevant Italian Guarantor shall not exceed on an aggregate basis the limit of the relevant Italian Guarantor's credit support as described above.

The proceeds of the enforcement of said guarantees and/or security interests will be distributed amongst the guaranteed and/or secured creditors (including, without, limitation, the holders of the Notes) in accordance with the provisions of the Intercreditor Agreement. Accordingly, the holders of the Notes will be able to recover limited amounts under the relevant Notes Guarantees and security.

Trust

The Collateral will be created and perfected in favor of the Security Agent acting in its capacity as representative (*rappresentante*) of the holders of the Notes pursuant to Article 2414-*bis*, paragraph 3, of the Italian Civil Code. Under such provision (introduced by Italian Law No. 164 of November 11, 2014), the security interests and guarantees assisting bond issuances can be validly created in favor of the holders of the notes or in favor of a representative (*rappresentante*) of the holders of the Notes who will then be entitled to exercise in the name and on behalf of the holders all their rights (including any rights before any court and judicial proceedings) relating to the security interests and guarantees. However, there is no guidance or available case law on the exercise of the rights and enforcement of such security interest and guarantees by a *rappresentante* pursuant to Article 2414-*bis*, paragraph 3, of the Italian Civil Code also in the name and on behalf of the holders of the Notes which are neither directly parties to the Collateral nor are specifically identified therein or in the relevant share certificates and corporate documents or public registries.

In addition, as the holders of the Notes are not direct parties to the Indenture, there is the risk that the appointment of the Security Agent in its capacity as representative (*rappresentante*) of the holders of the Notes pursuant to Article 2414-*bis*, paragraph 3, of the Italian Civil Code is not upheld by an Italian court and that therefore an Italian court may determine that the holders of the Notes at the time of enforcement are not secured by the security under the Security Documents and/or that the *rappresentante* cannot exercise the rights and enforce the Collateral also in the name and on behalf of the holders of the Notes. In addition, the provisions and the subject matter of paragraph 3 of Article 2414-*bis*, paragraph 3, of the Italian Civil Code are untested by Italian Courts and, therefore, even if the appointment of the *rappresentante* is upheld by an Italian Court, it cannot be excluded that an Italian Court may take a different view and interpretation and determine that, where the Collateral is only granted in favor of the *rappresentante*, the holders of the Notes at the time of enforcement are not secured by the Collateral and/or cannot enforce that Collateral.

Furthermore, to date, the Italian courts have not considered whether a common representative (*rappresentante comune*) of the holders of the Notes pursuant to Articles 2417 and 2418 of the Italian Civil Code may be validly appointed by means of a contractual arrangement (such as the Indenture) and the validity and enforceability of such appointment may not be upheld by a court.

Moreover, it is uncertain and untested in the Italian courts whether, under Italian law, a security interest can be created and perfected: (i) in favor of creditors (such as the holders of the Notes) which are neither directly parties to the relevant security documents or are not specifically identified therein or in the relevant share certificates and corporate documents or public registries; and (ii) in favor of a "trustee," since there is no established concept of "trust" or "trustee" under Italian law and the precise nature, effect and enforceability of the duties, rights and powers of a "trustee" as trustee under security interests granted over Italian assets is uncertain under Italian law.

Certain additional Considerations in Relation to Notes Guarantees and Collateral

Italian corporate law (Articles 2497-*quinquies* and 2467 of the Italian Civil Code) provides for rules to protect creditors against "undercapitalized companies" and provides for remedies in respect thereof. In this respect, in case of a loan to a company made by (i) a person that, directly or indirectly, directs the company or exercises management and coordination powers over that borrowing company or (ii) any entity subject to the management and coordination powers of the same person or (iii) a quotaholder in the case of a company incorporated in Italy as a *società a responsabilità limitata*, will be subordinated to all other creditors of that borrower and rank senior only to the equity in that borrower, if the loan is made when, taking into account the kind of business of the borrower, there was an excessive imbalance of the borrower's indebtedness compared to its net assets or the borrower was already in a financial situation requiring an injection of equity and not a loan ("**undercapitalization**"). Pursuant to Article 164 of the Italian Insolvency Code (as defined below), any payment made by the borrower with respect to any such loan within one year prior to a judicial liquidation declaration are ineffective by operation of law. The new provision replaced Article 2467, paragraph 1, of the Italian Civil Code, according to which such payments would be required to be returned to the borrower. For a more detailed explanation of the terms, conditions and consequences of claw back actions in an insolvency scenario, see "*Certain Italian Insolvency Laws Considerations—Judicial Liquidation (liquidazione giudiziale)" and "Hardening Period/Clawback and Fraudulent Transfer*" below.

In addition to that, Article 292, paragraph 1, of the Italian Insolvency Code sets forth that claims of entities exercising management and coordination powers *vis-à-vis* the entities subject to such powers deriving from loans granted after the filing of petitions resulting in the opening of judicial liquidation of in the year before, are

subordinated and payment made by the borrower with respect to any such loan within one year prior to the judicial liquidation declaration are ineffective by operation of law.

The above rules apply to shareholders' loans "made in any form" and scholars generally conclude that such provisions should be interpreted broadly and apply to any form of financial support provided to a company by its shareholders, either directly or indirectly.

As of the date hereof, there are several court precedents interpreting the provisions summarized above. Some of such precedents have held that Article 2467 of the Italian Civil Code also applies to companies incorporated as *società per azioni*, hence potentially to the borrowers under the intercompany loans that are a *società per azioni*.

Therefore, upon the occurrence of the requirements provided for by the relevant provisions, Italian courts may apply such provisions of the Italian Civil Code to the Issuer's relationship with Italian subsidiaries (including Servizi Ospedalieri and Teckal) under the relevant intercompany loans. Accordingly, an Italian court may conclude that the obligations of any Italian subsidiary under any intercompany loan are subordinated to all its obligations towards other creditors. Should any of the obligations of any subsidiary under any intercompany loan or note be deemed subordinated to the obligations owed to other creditors by operation of law and senior only to the equity, the Issuer may not be able to recover any amounts under any intercompany loan or note granted to the Italian subsidiaries (including Servizi Ospedalieri and Teckal), which could have a material adverse effect on the Issuer's ability to meet its payment obligations under the Notes.

Moreover, in circumstances where any obligations of an Italian subsidiary under any intercompany loans or notes is subordinated by operation of law, the ability of the holders of the Notes to recover under any Collateral created over such intercompany loans or notes or any guarantees and/or security interests granted by such Italian subsidiaries (including Servizi Ospedalieri and Teckal) may be impaired or restricted.

Certain Limitations on Enforcement

The enforcement of security interests by creditors in Italy can be complex and time consuming, especially in a liquidation scenario, given that Italian courts maintain a significant role in the enforcement process in comparison to other jurisdictions with which the holders of the Notes may be familiar. The two primary goals of the Italian law are first, to maintain employment, and second, to liquidate the debtor's assets for the satisfaction of creditors. These competing goals often have been balanced by the sale of businesses as going concerns and by ensuring that employees are transferred along with the businesses being sold.

Under Italian law, in the event that an entity becomes subject to insolvency proceedings, guarantees and security interests given by it or by way of a trust or parallel debt obligation could be subject to potential challenges by the appointed judicial liquidation receiver or by other creditors under the rules of ineffectiveness or avoidance or clawback of Italian Insolvency Code (as defined below) and the relevant law on the non-insolvency avoidance or clawback of transactions made by the debtor during a certain legally specified period (the "**suspect period**"). For a more detailed explanation of the terms, conditions and consequences of clawback actions in an insolvency scenario, see "*Certain Italian Insolvency Laws Considerations–Judicial Liquidation (liquidazione giudiziale)*" and "*Hardening Period/Clawback and Fraudulent Transfer*" below. If challenged successfully, the guarantee or the security interest may become unenforceable and any amounts received must be refunded to the insolvent estate. To the extent that the grant of any security interest or guarantee is voided, holders of the Notes could lose the benefit of the security interest or guarantee and may not be able to recover any amounts under the related security documents.

Furthermore, in the event that the limitations on the guarantee issued by a guarantor incorporated under the laws of Italy apply and/or there are payment obligations under any Notes other than in respect of principal or interest, the noteholders could have a reduced claim against the relevant guarantor.

According to Italian law, the enforcement of any claims, obligations, security interest and rights in general may be subject to, *inter alia*, the following aspects:

- the enforcement of obligations may be limited by the insolvency proceedings listed below relating to or affecting the rights of creditors;

- an Italian court will not necessarily grant any specific enforcement or precautionary measures, the availability of which is subject to the discretion of the Italian Court;

- with respect to contracts providing for mutual obligations (*contratti a prestazioni corrispettive*), each party can refuse to perform its obligation if the other party does not perform or does not offer to perform its own obligation thereunder, in accordance with and subject to the provisions of Article 1460 of the Italian Civil Code;

- claims arising under Italian law governed documents may become barred under the provision of Italian law concerning prescriptions and limitations by the lapse of time (*prescrizioni e decadenze*) or may be or become subject to a claim of set-off (*compensazione*) or to counterclaim;

- pursuant to Article 1241 of the Italian Civil Code concerning set-off of reciprocal obligations (*compensazione*), persons who have reciprocal debt obligations may set-off such obligations for the correspondent amount when both such debt obligations have as an object a pecuniary obligation or fungible assets of the same kind and are equally liquid and payable;

- where any party to any agreement or instrument is vested with discretion or may determine a matter in its opinion, Italian law may require that such discretion is exercised reasonably or that such opinion is based on reasonable grounds;

- the enforceability in Italy of obligations or contractual provisions governed by a foreign law may be limited by the application of Italian overriding mandatory provisions (*norme di applicazione necessaria*) and by the fact that the relevant provisions of foreign laws may be deemed contrary to Italian public policy principles and there is no case law setting out specific criteria for the application of such legal concepts under Italian law;

- there is some possibility that an Italian court could hold that a judgment on a particular agreement or instrument, whether given in an Italian court or elsewhere, would supersede such agreement or instrument to all intents and purposes, so that any obligation thereunder which by its terms would survive such judgment might not be held to do so;

- enforcement of obligations may be invalidated by reason of fraud or abuse of the law (*abuso del diritto*);

- the enforceability of an obligation pursuant to the terms set forth in any agreement or instrument may be subject to the interpretation of an Italian court which may carry out such interpretation pursuant to the provisions of Articles 1362 and following of the Italian Civil Code;

- any question as to whether or not any provision of any agreement or instrument which is illegal, invalid, not binding, unenforceable or void may be severed from the other provisions thereof in order to save those other provisions would be determined by an Italian court on the basis of the interpretation of intention of the parties, taking also into account the conduct of the parties following the execution of such agreement or instrument (Article 1419 of the Italian Civil Code);

- an Italian company, either directly or indirectly, cannot grant loans or provide security interest for the purchase or subscription of its own shares unless the strict requirements provided for the Italian Civil Code are satisfied;

- an Italian company must have a specific corporate interest in guaranteeing or securing financial obligations of its parent company or any other companies, whether related or unrelated, such interest being determined by the relevant company on a case-by-case basis;

- in case of a judicial liquidation proceeding, a receiver is appointed by the court to administer the proceeding under the supervision of the court and creditors' committee and creditors cannot start or continue individual foreclosure actions (including the enforcement of security interests) against the debtor (automatic stay). Furthermore, the sale of the relevant pledged assets is carried out by such receiver unless the pledgee is expressly authorized by the court or, in case of judicial liquidation, to have the pledged assets assigned at a fair market value returning any excess to the judicial liquidation estate;

- the preemption rights (*prelazione*) granted by a pledge extend to interest accrued in the year in which the date of the relevant seizure/attachment or adjudication in judicial liquidation proceedings falls or, in the absence of seizure/attachment, at the date of the notification of the payment demand (*precetto*) and extend, moreover, to interest accrued and to accrue thereafter, but only to the extent of legal interest and until the

date of the forced sale occurred in the context of the relevant foreclosure proceeding or judicial liquidation proceedings;

- in order to oppose an assignment to any third party, it will be necessary to notify such assignment to the relevant debtor or make such debtor to accept it by an instrument bearing an undisputable date (*data certa*); the priority of such assignment will be determined accordingly. One way of ensuring that a document has an indisputable date is that of ensuring that the execution of the relevant document by one of the parties to it is witnessed by a notary who states the date of witnessing on the document;

- there could be circumstances in which Italian law would not give effect to provisions concerning advance waivers or forfeitures;

- the effectiveness of terms exculpating a party from liability or duties otherwise owed is prevented by Italian law in the event of gross negligence (*colpa grave*), willful misconduct (*dolo*) or the violation of mandatory provisions;

- penalties and liquidated damages (*penali*) may be equitably reduced by a court;

- any obligation of an Italian company and/or any obligation secured or guaranteed by an Italian company, which is in violation of certain Italian mandatory or public policy rules (including, among others, any obligation to pay: (i) any portion of applicable remuneration (including interest, default interest, fees, charges, expenses and other costs and any other form of compensation related to the Notes) exceeding the thresholds permitted under the Italian law no. 108 of March 7, 1996 (*i.e.*, the Italian Usury Law), as amended from time to time and related implementing rules and regulations; and (ii) any portion of interest deriving from any compounding of interest which does not comply with Italian law, including Article 1283 of the Italian Civil Code, according to which, accrued and unpaid interest can be capitalized only after legal proceedings to recover the debt were started or in the event the interest were unpaid and capitalized for not less than six months based on an agreement executed after the relevant maturity date and Article 120 of the Italian Legislative Decree No. 385/1993 (i.e. the Italian Banking Act)) may not be enforceable;

- if a party to an agreement is aware of the invalidity of that agreement and does not inform the other parties to that agreement of such invalidity, it is liable for the damages suffered by such other parties as a consequence of having relied upon the validity of the agreement;

- Italian courts do not necessarily give full effect to an indemnity for the costs of enforcement or litigation;

- a security interest does not prevent creditors of the relevant debtor other than the secured creditors from continuing enforcement or enforcement proceedings on the assets secured by the relevant pledge; and

- judicial liquidation of the grantor of the pledge over quotas or shares, the assets secured by the pledge could be freely sold to any third party in the context of the relevant proceeding or in case of a judicial liquidation the pledged assets can also be assigned to secured creditors at a fair market value and, as a consequence, the proceeds would be set aside for the prior satisfaction of the pledgee but the pledge would be terminated and, therefore, the latter would lose entitlement to the voting rights on the pledged quotas/shares.

In addition, under Italian law, in certain circumstances also in the ordinary course of business, an action can be brought by any creditor of a given debtor within five years from the date in which the latter enters into a guarantee, security, agreement and any other act by which it disposes of any of its assets, in order to seek a claw-back action (*azione revocatoria ordinaria*) pursuant to Article 2901 and following of the Italian Civil Code (which results in a declaration of ineffectiveness as to the acting creditor) of the said guarantee, security, agreement and other act that is purported to be prejudicial to the acting creditor's right of credit. An Italian court could revoke the said guarantee, security, agreement and other act only if it, in addition to the ascertainment of the prejudice, was to make the two following findings:

- that the debtor was aware of the prejudice which the act would cause to the rights of the acting creditor, or, if such act was done prior to the existence of the claim or credit, that the act was fraudulently designed for the purpose of prejudicing the satisfaction of the claim or credit; and

- that, in the case of non-gratuitous acts, the third party involved was aware of said prejudice and, if the act was done prior to the existence of the claim or credit, that the said third party participated in the fraudulent design.

Certain Italian insolvency law considerations

The insolvency laws of Italy may not be as favorable to investors' interests as those of other jurisdictions with which investors may be familiar. In Italy, courts play a central role in the insolvency process. Moreover, in court procedures may be materially more complex and the enforcement of security interests by creditors in Italy can be more time-consuming than in equivalent situations in jurisdictions with which holders of the Notes may be familiar.

The following is a brief description of certain aspects of insolvency law in Italy, which does not include special provisions applying to banks, insurance and other companies authorized to carry out certain reserved activities nor it provides a comprehensive description of insolvency laws application where public companies are involved.

Insolvency laws and regulations have been replaced by a new crisis and insolvency code. In particular, the Italian government approved on January 12, 2019 the Legislative Decree No. 14 implementing the guidelines contained in Law No. 155 dated October 19, 2017 contending the scheme of a new comprehensive legal framework in order to regulate, *inter alia*, insolvency matters (the "**Legislative Decree**"), which enacts a new comprehensive legal framework in order to regulate, *inter alia*, insolvency matters which came into force on July 15, 2022 (so called "*Code of Business Crisis and Insolvency*", as subsequently amended and supplemented and including Italian Legislative Decree No. 83 of June 17, 2022 implementing the EU Restructuring Directive, hereinafter, the "**Italian Insolvency Code**"). The Legislative Decree was published in the *Gazzetta Ufficiale* on February 14, 2019 no. 38—Suppl. Ordinario No. 6. The main innovations introduced by the Italian Insolvency Code include, *inter alia*: (i) the elimination of the term "bankrupt" (*fallito*) due to its negative connotation and the replacement of bankruptcy proceedings (*fallimento*) with a judicial liquidation (*liquidazione giudiziale*); (ii) a new definition of "state of crisis" (*crisi*); (iii) the adoption of the same procedural framework in order to ascertain such state of crisis and to access the different restructuring tools and frameworks (*strumenti di regolazione della crisi e dell'insolvenza della società*) provided for by the same Italian Insolvency Code; (iv) a new set of rules concerning group restructurings; (v) restrictions to the use of the pre-bankruptcy composition with creditors (*concordato preventivo*) in order to favor going concern proceedings; (vi) a new crisis settlement procedure (*composizione negoziata della crisi*); (vii) jurisdiction of specialized courts over proceedings involving large debtors; (viii) the adoption of the definition of debtor's "center of main interest" as provided in the new set of rules concerning group restructurings; (ix) the introduction of the new restructuring plan subject to homologation (*piano di ristrutturazione soggetto ad omologazione*) among the restructuring tools and frameworks (*strumenti di regolazione della crisi e dell'insolvenza della società*); (x) the regulation of adequate measures and plans to early detect a crisis with specific criteria to be adopted by companies and (xi) amendments to certain provisions of the Italian Civil Code aimed at ensuring the general effectiveness of the reform.

Except for minor changes in some provisions of the Italian Civil Code, which already entered into force on March 16, 2019, in response to the COVID-19 pandemic, the entry into force of the Italian Insolvency Code has been initially postponed to September 1, 2021 by the "*Decreto liquidità*" (i.e., Law Decree April 8, 2020, no. 23, published in the Gazzetta Ufficiale on April 8, 2020 and converted in law by the Italian Parliament by the Law June 5, 2020, no. 40, published in the Gazzetta Ufficiale on June 6, 2020), and is now effective starting from July 15, 2022. Provisions under the Italian Bankruptcy Law (i.e. the Royal Decree No. 267 of March 16, 1942) continue to apply only to any filings for proposals of declaration of insolvency procedures and bankruptcy restructuring plans (*concordato fallimentare*) and any filings seeking for the sanctioning (*omologazione*) of debt restructuring agreements (*accordo di ristrutturazione dei debiti*) or for the opening of a composition with creditors proceeding (*concordato preventivo*) filed or pending before July 15th, 2022 (i.e. the effective date of the Italian Insolvency Code).

The Italian Insolvency Code has been amended and supplemented by, among others, (i) the Italian Legislative Decree No. 147 of October 26, 2020 (as amended and supplemental by Legislative Decree No. 83 dated June 17, 2022), by Law Decree No. 69 of June 13, 2023 (as converted by Law No. 103 of August 10, 2023), by Legislative Decree No. 224 December 6, 2023, and, lastly, by Legislative Decree No. 136 of 13 September 2024 (so called "**Correttivo-ter Decree**"), providing the corrective interventions to the Insolvency Code.

The Correttivo-ter Decree was published in the Italian Official Gazette on 27 September 2024 and, as provided thereunder, entered into force on 28 September 2024. Starting from 28 September 2024, the provisions of the Correttivo-ter Decree (which supplement and amend the Italian Insolvency Code) shall generally apply (unless otherwise provided) to all insolvency/restructuring proceedings (including negotiated crisis composition) pending as of 28 September as well as to those which will be started or opened after 28 September 2024. As an exception to such general rule, the Correttivo-ter Decree provides, *inter alia*, that: (i) the provisions under article 5, para. 9, lett. b), no. 3 of the decree shall apply only to negotiated composition for which filing is made after 28 September

2024; and (ii) the provisions under article 16, para. 6, article 17 para. 1 lett. a) and article 21, para. 4 of the decree shall apply only to arrangement proposals to Tax Authorities/Social Security Authorities(*proposte di transazione fiscale e previdenziale*) filed after 28 September 2024.

Considering the above, the following is a brief description of certain main aspects of insolvency law in Italy as it stands now and in particular of the Italian Insolvency Code (taking into account also the latest amendments introduced by the Correttivo-ter Decree).

Italian Insolvency Laws

Please find below a brief description of the main provisions of the Italian Insolvency Code which, upon its entry into force (on July 15, 2022 and as amended from time to time), has superseded the Italian Bankruptcy Law.

The two primary aims of the Italian Insolvency Code are to liquidate the debtor's assets and protect the goodwill of the going concern (if any) for the satisfaction of creditors' claims. The aim of the other Italian insolvency laws in force – i.e., the Legislative Decree No. 270 of 8 July 1999, as amended ("**Decree 270**"), and the Law Decree No. 347 of 23 December, 2003, converted into law, with amendments, by Law No. 39 of 18 February 2004, as amended ("**Decree 347**") — is to maintain employment. These competing aims often have been balanced by the sale of businesses as going concerns and ensuring that employees are transferred along with the businesses being sold.

Under the Italian Insolvency Code, the judicial liquidation (*liquidazione giudiziale*) must be declared by a court, based on the insolvency (*insolvenza*) of a debtor upon a petition filed by the debtor itself, the bodies and authorities who exercise control or supervision thereto, one or more creditors and the public prosecutor. Insolvency, as defined under article 2, letter (b) of the Italian Insolvency Code, is defined as the state of the debtor, manifested by defaults and/or other external elements evidencing that the debtor is no longer able to regularly meet its obligations as they come due. This must be a permanent, and not a temporary status of insolvency, in order for a court to hold that a debtor is insolvent. The Italian Insolvency Code also introduced a specific concept of crisis, which is defined under article 2, letter (a) of the Italian Insolvency Code as the state of the debtor such that it is likely that insolvency will follow, which is manifested by the inadequacy of prospective cash flows to meet obligations in the following twelve months. Both insolvency and crisis are factual situations upon the occurrence of which different instruments provided for by the Italian Insolvency Code may be activated.

In cases where a debtor is facing financial difficulties or temporary cash shortfall and, in general, a state of crisis/financial distress, it may be possible for it to enter into out-of-court arrangements with its creditors, which may safeguard the existence of the debtor, but which are susceptible of being reviewed by a court in the event of a subsequent insolvency, and possibly challenged as voidable transactions.

The following debt restructuring and insolvency alternatives are available under Italian law for companies in a state of crisis and for insolvent debtors and, in certain cases, also to debtors experiencing an economic or financial imbalance such as to make it likely that a state of crisis and/or distress or their insolvency will occur.

Restructuring outside of a judicial process (accordi stragiudiziali)

Restructuring generally takes place through a formal judicial process because it is more favorable for the debtor and because informal out-of-court arrangements put in place as a result of an out-of-court restructuring are vulnerable to being reviewed by a court in the event of a subsequent insolvency, and possibly challenged as voidable transactions, and may trigger liabilities in the event of a subsequent judicial liquidation procedure. However, in cases where a company is solvent, but facing financial difficulties, it may be possible to enter into an out-of-court arrangement with its creditors, which may safeguard the existence of the company.

Composizione negoziata per la soluzione della crisi d'impresa pursuant to the Italian Insolvency Code

The negotiated crisis composition procedure (*composizione negoziata per la soluzione della crisi d'impresa*), was originally introduced in the Italian legal framework by Law Decree 118/2021 and has been subsequently incorporated into the Italian Insolvency Code. It is an out-of-court proceeding, but the court can be involved in the two following circumstances: (i) when the entrepreneur files a petition pursuant to article 18 of the Italian Insolvency Code requesting the competent court to confirm or modify the protective measures to the entrepreneur's assets ("**Protective Measures**") provided for pursuant to article 18 and 19 of the Italian Insolvency Code by the day following the publication of the request in the relevant Companies' Register (*Registro delle Imprese*) and the acceptance of the Expert (as defined below), and, if necessary, to enact the measures necessary to complete the negotiations ("**Interim Measures**"), (ii) when the entrepreneur files a petition asking the court to

authorize certain acts in line with the provisions set forth under article 22 of the Italian Insolvency Code, and (iii) when the entrepreneur files a petition for the sanctioning of the settlement agreement with the Italian Tax/social Authorities pursuant to article 23, paragraph 2-bis of the Italian Insolvency Code.

The *composizione negoziata per la soluzione della crisi d'impresa* is a proceeding aimed at facilitating the recovery of companies which "despite being in conditions of asset or economic and financial imbalance such as to make it likely that financial distress or insolvency will occur, have the potential to remain in the market, including through the sale of the business or a branch of it".

According to article 12 of the Italian Insolvency Code, *composizione negoziata* can be started by any kind of debtors, including commercial and agricultural enterpreneurs, which are undergoing either a situation of crisis, insolvency or even only an imbalance with reference to their assets, their business and/or their financial situation, such that it is likely that a distress/crisis or insolvency will follow, provided that their restructuring and rebalancing (*risanamento*) seems reasonably achievable. As regards to small enterprises so called "impresa minore" (i.e. an enterprise meeting the requirements set forth under article 2, para. 1 (d) of the Italian Insolvency Code (i.e. an enterprise (i) having assets (*attivo patrimoniale*) in an aggregate amount not exceeding €0.3 million for each of the three preceding fiscal years, (ii) having gross revenues (*ricavi lordi*) in an aggregate amount not exceeding €0.2 million for each of the three preceding fiscal years, and (iii) having total indebtedness not exceeding (included debts not yet due) of €0.5 million)), according to article 25-*quater* of the Italian Insolvency Code, *composizione negoziata* can be started as well, but only if the enterprise is facing an imbalance with reference to its assets, business and/or financials, such that it is likely that a crisis or insolvency will follow, provided that its restructuring and rebalancing (*risanamento*) seems reasonably achievable.

Pursuant to article 17, paragraph 3, letter d) of the Italian Insolvency Code, inter alia, the entrepreneur or the enterprise filing for a *composizione negoziata* must (i) report about the existence of judicial liquidation or insolvency declaration petitions pending towards itself and (ii) certify that, *inter* alia, it has not filed petitions for any of the restructuring tools (*strumenti di regolazione della crisi o dell'insolvenza*) provided for under the Italian Insolvency Code, including pursuant to articles 44, paragraph 1, letter a), 74 and/or 54, paragraph 3, of the Italian Insolvency Code. A petition to access *composizione negoziata* cannot be filed (and if filed shall be rejected) in the event that (a) a petition to access a restructuring tool filed by the same entrepreneur is already pending or has been renounced in the prior 4 months (b) another petition for *composizione negoziata* has been dismissed (*archiviata*) in the prior year (reduceable to 4 months upon certain conditions).

Pursuant to article 25 of the Italian Insolvency Code, the *composizione negoziata* may also apply to group of companies, which may commence one proceeding all together. At the end of the negotiations the relevant companies will be allowed to access to one of the agreements or tools provided forth under article 23 of the Italian Insolvency Code, both separately or as a whole group.

The *composizione negoziata* is commenced, on a voluntary basis only, by filing a petition for the appointment of a third party and independent expert with the Secretary General of the relevant Chamber of Commerce through a dedicated electronic platform (the "**Expert**" and the "**Platform**", respectively). Pursuant to article 16 of the Italian Insolvency Code, the person who acted as Expert in the context of such proceeding, shall not engage in professional relations with the relevant entrepreneur during the two years following the termination of the *composizione negoziata*, exception made for activities related to, or dependent on, the *composizione negoziata* itself.

The Expert is appointed within five (5) working days upon the filing of the petition and shall accept (or decline) the appointment in the following two (2) business days. The Expert is responsible for facilitating and managing the negotiations between the company, its creditors and any other interested parties, in order to identify a solution to overcome the crisis or the insolvency, including through the transfer of the business or a branch thereof and safeguarding, to the maximum possible extent, the occupational levels.

The Expert assesses his/her own independence, the adequacy of his/her own professional expertise and his/ her own time availability with respect to the prospected assignment, and, if the outcome of the assessment is positive, notifies his/her acceptance to the entrepreneur and uploads it on the Platform. In case of negative outcome, the Expert confidentially notifies it to the commission, which appoints a new Expert. Any Expert cannot be appointed for more than two proceedings of *composizione negoziata* at a time. If the Expert accepts the appointment, he/she meets with the entrepreneur in order to assess whether there are concrete and real chances of recovery. The entrepreneur attends the meeting personally, can be assisted by its advisors.

If the Expert finds that there are concrete and real chances of recovery (*risanamento*), he/she meets with the parties involved in the entrepreneur's recovery process and presents the possible strategies, scheduling periodic meetings close in time to one another. The entrepreneur may conduct negotiations without the expert's presence, provided that the expert is kept informed of their progress.

During the negotiations, all the parties involved must act in good faith and with fairness, must cooperate and are bound by confidentiality on the entrepreneur's situation, on the actions carried out or planned by the entrepreneur and on the information received in the course of the negotiations. The entrepreneur must provide a complete and clear representation of his/her situation and manage his/her assets without causing unfair prejudice to the creditors.

Banks and financial intermediaries, their agents, and, in case of credit assignment and/or transfer, their assignees or transferees, must take part in the negotiations actively and in an informed manner, and the access to the *composizione negoziata* does not, by itself, constitute ground for withdrawal of overdraft facilities, nor for a different classification of receivables (which, pending the composition procedure, shall be determined considering the draft business and financial plan presented by the debtor and also in light of the supervisory/regulatory provisions (*disciplina di vigilanza prudenziale*)). The continuation of the banking/financial relationship is not in itself grounds for liability of the bank and financial intermediary.

If the Expert finds that there are no real chances of recovery (*risanamento*), after the meeting with the entrepreneur or thereafter, he/she has to promptly notify the entrepreneur and the Secretary General of the Chamber of Commerce, which provides for the dismissal (*archiviazione*) of the entrepreneur's petition. The Expert's appointment is considered terminated if, after 180 days from its appointment, the parties have not agreed on a solution (that can also be proposed by the Expert) for overcoming the entrepreneur's distressed situation. However, the Expert's appointment can continue up to further 180 days (pursuant to article 17, paragraph 7 of the Italian Insolvency Code) if (i) the entrepreneur or other parties involved in the negotiations require so and the Expert agrees, or (ii) the prosecution of the appointment is required by the fact that the entrepreneur has filed a petition to the court pursuant to article 19 and/ or article 22 of the Italian Insolvency Code; or (iii) protective or interim measures are pending or it necessary to implement the authorization ruling issued by the court.

Pursuant to article 17, paragraph 8 of the Italian Insolvency Code, at the end of his/her appointment the Expert issues a final report (the "**Final Report**"), uploads it on the Platform, and notifies it to the entrepreneur and to the court that has granted the Protective Measures (*misure protettive*) and Interim Measures (*misure cautelari*) (if any) which declares the termination of their related effects.

Pursuant to article 18 of the Italian Insolvency Code, together with the petition for appointment of the Expert, or with a subsequent petition, the entrepreneur can request the application of Protective Measures (as described below) vis-à-vis all the creditors or, upon entrepreneur request, only vis-à-vis certain creditors' initiatives or certain specific creditors or categories of creditors. Furthermore, the entrepreneur may also request the application of Interim Measures necessary to allow the completion of the negotiations.

The Protective Measures consist of the following: from the date of publication of the relevant petition, affected creditors cannot obtain preemption rights (*diritti di prelazione*) unless agreed upon by the entrepreneur and all enforcement and interim actions are stayed. From the same date, prescriptions remain suspended and forfeitures do not occur. However, payment of pre-petition creditors is allowed. The Protective Measures do not apply to employees' claims. Interim Measures, on the other hand, have flexible content depending on the relevant precautionary need.

From the date of publication of the petition requesting the application of the Protective Measures until the date of conclusion of the negotiations or dismissal of the petition for the *composizione negoziata*, the ruling of opening the judicial liquidation proceeding (*sentenza di apertura della liquidazione giudiziale*) or the declaration of the insolvency of the entrepreneur cannot be declared by the court, unless the court revokes the Protective Measures.

Creditors whose rights are affected by the Protective Measures (banks and financial intermediaries included) cannot unilaterally refuse to perform their obligations under the contracts in place with the entrepreneur, nor terminate such contracts, nor anticipate their expiration date, nor amend them with detrimental consequences for the entrepreneur, or terminate or revoke – in all or in part – the credit facilities granted to the entrepreneur, solely on the ground of the missed payment of claims arisen prior to the publication of the petition requesting the application of the Protective Measures. However, the creditors may suspend the fulfilment of the pending contracts from the publication of the petition requesting Protective Measures to the obtainment of such Protective Measures. Banks and financial intermediaries can anyhow revoke or suspend the credit lines pursuant to the applicable prudential supervisory regulation (*disciplina di vigilanza prudenziale*).

If the entrepreneur applies for the Protective Measures (which, as said, are immediately effective), it must concomitantly file (in accordance with the deadlines set forth under the Italian Insolvency Code) the same request to the competent court, in order to allow a judge to check the said measures and to confirm them or, if necessary, to modify them. In the absence of this request, the Protective Measures will be ineffective.

The duration of the Protective Measures and, if necessary, the Interim Measures, is established by an order of the court in a range between 30 and 120 days, and, upon request of the parties and after obtaining the opinion of the Expert, can be extended for the time required to positively finalize the negotiations up to a maximum of 240 days.

At the request of the entrepreneur, one or more creditors or the Expert, the court that has granted the Protective Measures and/or Interim Measures may, at any time, revoke such measures or reduce their duration when they do not meet the aim of ensuring the positive outcome of the negotiations or they appear disproportionate in relation to the prejudice caused to the creditors, pursuant to article 19, paragraph 6 of the Italian Insolvency Code. If the Protective Measures are revoked, the prohibition of the obtainment of preemption rights by preexisting creditors ceases to be effective for the date on which the Protective Measure has been revoked.

During the procedure the entrepreneur remains able to continue the ordinary and extraordinary management of the company, subject to certain conditions. More precisely, pursuant to article 21 of the Italian Insolvency Code, pending the negotiations, the entrepreneur may carry out acts pertaining to ordinary activity, and, upon written notice to the Expert, carry out acts pertaining to extraordinary activity or make payments non-consistent with the negotiations nor with the perspectives of recovery. Furthermore, if during the course of the negotiations, it appears that the entrepreneur is insolvent but there are real prospects of recovery, the entrepreneur shall manage the enterprise and find the solution for the overcoming of its insolvency status in the best interests of the creditors, subject to his/her liabilities.

If the Expert believes that a certain act causes prejudice to the creditors, to the negotiations or to the perspectives of recovery, he/she reports it in writing to the entrepreneur and to the enterprise's supervisory body. If, notwithstanding the Expert's report, the entrepreneur carries out the relevant act, the entrepreneur gives immediate notice to the Expert, who may file his/her dissent for the registration with the Companies' Register. If this is the case, the relevant acts do not benefit of certain protections against claw-back actions pursuant to article 24 of the Italian Insolvency Code.

Pursuant to article 22 of the Italian Insolvency Code, the court, upon the entrepreneur's request and to the extent that this is consistent with the continuation of the business as a going concern and with the maximization of the creditors' recovery, may authorize:

(a) the entrepreneur to incur new super-senior (*prededucibile*) financings in any form, including requesting the issuance of collateral, or authorizing agreement with the bank and financial intermediary to the reactivation of suspended credit lines;

(b) the entrepreneur to incur new super-senior indebtedness (so-called *prededucibile*) via shareholders' financing;

(c) one or more companies belonging to the same group under article 25 of the Insolvency Code to incur super-senior (*prededucibile*) financings; and

(d) the entrepreneur to transfer its business, or certain business branches, without the effects provided under article 2560, paragraph 2, of the Italian Civil Code, without prejudice to article 2112 of the Italian Civil Code. However, in such case it will be for the court itself to identify the measures it considers appropriate, taking also into account the requests of the parties concerned, in order to protect all the interests involved. The court shall also verify the compliance with the competitiveness principle in choosing the purchaser.

The execution of the above-mentioned authorizations may also be postponed after the ending of the *composizione negoziata* if so provided under the court authorization or the Final Report.

Pursuant to article 23, para 1. of the Italian Insolvency Code, when a viable solution to overcome the crisis or insolvency of the debtor is identified, upon completion of the *composizione negoziata*, the relevant parties may proceed with one of the following:

(a) execution of an agreement between the entrepreneur and one or more creditors and any interested party, which constitutes cause for application of the reward measures provided under article 25-*bis*, paragraph 1 of

the Italian Insolvency Code if, according to the Expert's Final Report, such agreement ensures the continuation of the business as a going concern for at least 2 years;

(b) execution of a standstill agreement (*convenzione di moratoria*) pursuant to article 62 of the Italian Insolvency Code;

(c) execution of an agreement signed by the entrepreneur, by the adhering creditors and by any other adhering interested party, and also by the Expert, with the effects provided under articles 166, paragraph 3, lett. d) and 324 of the Italian Insolvency Code. With the execution of such agreement the Expert acknowledges that the reorganization plan (*piano di risanamento*) seems consistent with the composition of the crisis or insolvency of the entrepreneur.

Pursuant to article 23, para. 2 of the Italian Insolvency Code, the entrepreneur may, alternatively:

(a) arrange an out-of-court reorganization plan (*piano attestato di risanamento*) pursuant to Article 56 of the Italian Insolvency Code;

(b) file a petition requesting the sanctioning of a debt restructuring agreement with creditors (*accordo di* ristrutturazione *dei debiti*) pursuant to articles 57, 60 and 61 of the Italian Insolvency Code. The percentage referred to under article 61, paragraph 2, letter c) of the Italian Insolvency Code is reduced to 60% if the achievement of the agreement results from the Final Report of the Expert or if the request for homologation is filed within 60 days from the notification of the same.

(c) file a petition for admission to the *concordato semplificato per la liquidazione del patrimonio* pursuant to article 25-*sexies* of the Italian Insolvency Code;

(d) enter into one of the other restructuring tools or insolvency proceedings provided for under the Italian Insolvency Code or in the extraordinary administration proceedings under so-called Prodi-*bis* law (d.lgs. n. 270/1999) or the Marzano law (d.l. n. 347/2003).

The agricultural entrepreneur may access to one of the restructuring tools provided forth under article 25-*quater* of the Italian Insolvency Code.

Moreover, pending the *composizione negoziata* the entrepreneur may submit a proposal for a settlement agreement to Italian Tax Authorities/Social Security Authorities providing for partial payment or rescheduling of the relevant debts and related accessories, subject to certain requirements, terms and conditions being met (including, *inter alia*, court-filing and necessary court approval to execute the settlement), as set forth under article 23, para. 2-bis of the Italian Insolvency Code. Such settlement proposal cannot include taxes constituting own resources of the European Union. Certain other tax-relevant provisions (in the context of *composizione negoziata*) are set forth, *inter alia*, under article 25-bis of the Italian Insolvency Code.

Furthermore, pursuant to article 24 of the Italian Insolvency Code:

(a) the acts authorized by the court pursuant to article 22 of the Italian Insolvency Code shall maintain their effects in the event of subsequent sanctioned debt restructuring agreement with creditors (*accordo di ristrutturazione dei debiti omologato*), sanctioned composition with creditors (*concordato preventivo omologato*), opening of the judicial liquidation proceeding (*apertura della liquidazione giudiziale*), a sanctioned restructuring plan provided for pursuant to article 64-*bis* of the Italian Insolvency Code, a compulsory administrative liquidation (*liquidazione coatta amministrativa*), extraordinary administration for large insolvent companies (*amministrazione straordinaria*) or a sanctioned simplified composition with creditors (*concordato semplificato per la liquidazione del patrimonio*) provided for pursuant to article 25-*sexies* of the Italian Insolvency Code;

(b) the acts, payments and granting of security interests made after the Expert accepted its appointment, are exempted from claw-back actions pursuant to article 166, paragraph 2, of the Italian Insolvency Code, provided that they are consistent with the development and the status of the negotiations and with the perspectives of recovery (*risanamento*) existing at the time the payment/transaction/granting of security interest was made;

(c) acts of extraordinary administration and payment made after the Expert accepted its appointment are subject to claw-back actions pursuant to article 165 and Article 166 of the Italian Insolvency Code if the Expert has registered his/her dissent in the Companies' Register pursuant to Article 21, paragraph 4 of the Italian

Insolvency Code or if the competent Court has denied its authorization pursuant to article 22 of the Italian Insolvency Code; and

(d) payment and transactions made after the Expert accepted its appointment, which were consistent with the development of the negotiations and in the perspective of the recovery (*risanamento*) of the enterprise, or which have been authorized by the Court pursuant to article 22 of the Italian Insolvency Code, benefit of exemptions from the potential application of certain criminal sanctions.

Potential outcomes: Simplified composition with creditors proceeding for the liquidation of assets (concordato semplificato per la liquidazione del patrimonio)

Article 25-*sexies* of the Italian Insolvency Code introduces a simplified court-supervised composition with creditors with liquidation purpose (*concordato semplificato per la liquidazione del patrimonio*).

If, in its Final Report, in the context of a *composizione negoziata*, the Expert states that the negotiations have been conducted according to fairness and good faith and that the options provided under article 23, paragraphs 1 and 2, letters (a) and (b), of the Italian Insolvency Code are not feasible, within 60 days following the notification of the Final Report the entrepreneur may file to the competent court where the entrepreneur has its center of main interests a petition for admission to the *concordato semplificato per la liquidazione del patrimonio*, together with a liquidation plan and the documents listed under article 39 of the Italian Insolvency Code. The petition for *concordato semplificato per la liquidazione del patrimonio* is then published in the Companies' Register within the day following the filing with the court. From the date of such publication, the effects provided under articles 6, 46, 94 and 96 of the Italian Insolvency Code are produced. The proposal may provide for the division of the creditors into different classes and article 84 para. 5 of the Insolvency Code shall apply.

Within the above-mentioned deadline, the debtor may file a petition under article 40 of the Italian Insolvency Code, also reserving to subsequently file the plan and proposal (*anche con riserva di deposito della proposta e del piano*). Protective Measures might be requested also in the context of this proceeding.

Following the filing of such application, the court (i) appoints a so-called "auxiliary" (*ausiliario*) to, *inter alia*, express an opinion on the entrepreneur's proposal; (ii) orders that the proposal, together with the opinion of the auxiliary, the Final Report of the Expert and an opinion of the Expert with specific reference to the likely outcomes of the liquidation and the security interests offered by the debtor, be delivered by the debtor to the creditors appearing on the list filed by the debtor itself; and (iii) sets the date of the hearing for the court sanctioning (*omologazione*). Creditors and any third party which has any interests are entitled to object to the court sanctioning (*omologazione*) within ten days before the date fixed for the hearing.

The court issues a decree sanctioning (*omologa*) the *concordato semplificato per la liquidazione del patrimonio* when it finds that (i) the proceeding has been carried out in accordance with relevant laws and regulations and the adversarial principle among the parties (*contraddittorio*); (ii) the proposal is compliant with preemption rights (*cause di prelazione*) and the liquidation plan is feasible, and (iii) the proposal does not cause a prejudice to the creditors compared to what they would receive in case of insolvent liquidation of the entrepreneur (*liquidazione giudiziale* or *liquidazione controllata*, as applicable), and in any case ensures that each creditor receives a certain recovery. With the sanctioning decree, the court also appoints a liquidator.

The parties may file an objection (*reclamo*) to the abovementioned decree within 30 days after having been notified of the same.

Pursuant to article 25-*septies* of the Italian Civil Code, the liquidation plan may also include an offer by a pre-identified third party to purchase the business or one or more branches of the business or specific assets, even before sanctioning (*omologazione*): in this case, the liquidator or the auxiliary, as applicable, having verified the absence of better solutions on the market, may implement the offer.

Out-of-court reorganization plans (piani attestati di risanamento) pursuant to article 56 of the Italian Insolvency Code

Out-of-court debt restructuring agreements are based on restructuring plans (*piani attestati di risanamento*) addressed to the creditors and prepared by debtors who are either insolvent or in a state of crisis, in order to restructure their indebtedness and to ensure the recovery of their balance sheet, economic and financial condition. An independent expert appointed directly by the debtor included in the list of the insolvency practitioners (*gestori della crisi e insolvenza delle imprese*) and enrolled in the Register of Auditors and Accounting Experts (*Registro dei Revisori Contabili*) must verify (*attestare*) the truthfulness of the business data (*veridicità dei dati aziendali*)

provided by the company and the economic feasibility (*fattibilità economica*) of the restructuring plan. There is no need to obtain court approval to appoint the independent expert. The independent expert must possess certain specific independence requisites and meet the requirements set forth by article 2399 of the Italian Civil Code and may be subject to liability in case of misrepresentation or false certification.

Out-of-court reorganization plans and the relevant debt restructuring arrangements are not under any form of judicial control or approval and, therefore, no application is required to be filed with the court or other supervising authority. Also, out-of-court debt restructuring arrangements are not required to be approved and consented to by a specific majority of all outstanding claims.

The terms and conditions of these plans are freely negotiable, provided they are finalized at restructuring the debtor's indebtedness and rebalancing its capital structure. However, the possibility to adopt such tools to liquidate the debtor is disputed, as it is argued they shall provide for the restructuring of the debtor's indebtedness and the rebalancing its financial condition on a going concern basis. Unlike judicial restructuring tools, Out-of-court reorganization plans do not offer the debtor any protection against enforcement proceedings and/or precautionary actions of third-party creditors. The Italian Insolvency Code provides that, should these plans fail, and the debtor be declared insolvent, the payments and/or acts carried out, and/or security interest granted on the debtor's assets for the implementation of the reorganization plan, subject to certain conditions (a) are not subject to any claw-back action (*azione revocatoria*), including the claw-back action provided for pursuant to article 2901 of the Italian Civil Code, as provided for pursuant to article 166, paragraph 3, letter d) of the Italian Insolvency Code; and (b) are exempted from the potential application of certain criminal sanctions. Neither ratification by the court nor publication in the Companies' Register are needed (although publication in the Companies' Register of the plan, the report by the independent expert and the arrangements is possible upon a debtor's request and would allow to certain tax benefits), and, therefore, the risk of bad publicity or disvalue judgments are lower than in case of judicial restructuring tools. Since the Out-of-court reorganization plan (or the agreements entered into to implement it) is not subject to any court approval or judicial review, it cannot be excluded that the abovementioned exemption effects will be challenged in the event of subsequent judicial liquidation, if the competent court were to assess that the reorganization plan was not feasible at the time it was certified by the independent expert. Furthermore, exemptions above do not apply in case of willful misconduct and gross negligence of the independent expert or the debtor, when the relevant creditor was aware thereof at the time of the transaction.

Italian Insolvency Code sets forth specific rules regarding out-of-court reorganization plans and the relevant restructuring arrangements entered into with creditors, which must be followed for the plans and agreements to grant protection against claw-back actions and potential civil and criminal responsibilities. More in detail, Out-of-court debt restructuring plans pursuant to article 56 of the Italian Insolvency Code must be supported by adequate documentation representing the financial and commercial situation of the debtor and which also needs to indicate, among others, the causes of the crisis and the new resources which will be made available to the debtor and the industrial plan, with analytic indication of envisaged profits and losses, financial budget and relevant funding sources, with specific regard to those necessary to ensure compliance with labour safety rules and environment protection. Moreover, they must be suitable for the purpose of assuring the restructuring of the indebtedness of the debtor and rebalancing its financial position and, in case of its failure and subsequent challenge (*impugnazione*) before an Italian court, it must not be deemed as being unreasonable.

Certain common rules applicable to judicial restructuring tools

a) unitary proceedings and protective and interim measures

Certain common rules apply to restructuring tools to be commenced by filing a petition with the competent court pursuant to article 40 and ff. of the Italian Insolvency Code. Such restructuring tools (better described below) include mainly debt restructuring agreements (*accordi di ristrutturazione dei debiti*), restructuring plan subject to homologation (*piano di ristrutturazione soggetto ad omologazione* or PRO) and composition with creditors (*concordato preventivo*).

With respect to the above restructuring tools (hereinafter "judicial restructuring tools"), and after the filing of the relevant petition - together with the documentation listed in article 39 of the Italian Insolvency Code, or pursuant to article 44 of the Italian Insolvency Code (see below) - the unitary proceedings set forth in article 41 et seq. of the Italian Insolvency Code (*procedimento unitario per l'accesso agli strumenti di regolazione della crisi e dell'insolvenza e alla liquidazione giudiziale*) is applicable. The petition is subject to publication in the Company Register within the following day after the relevant filing and shall be notified also to the Public Prosecutor. The relevant steps of the unitary proceedings may vary depending on the different judicial restructuring tool but they

entail, *de minimis*, the involvement of the court to sanction the restructuring tool sanctioning by way of a specific judgment (*sentenza di omologa*).

Judicial restructuring tools may also feature the application of Protective Measures (*misure protettive*) and Interim Measures (*misure cautelari*), with the content described above, which may be requested with the petition (including pre-petition pursuant to article 44 of the Italian Insolvency Code) or at a later stage, and also during the negotiations preceding the filing of a debt restructuring agreement, subject to certain specific conditions.

Protective Measures must be confirmed by the relevant court. However, the date of publication of the relevant petition in the Companies' Registry, there is a general stay under which it is prohibited for the generality of creditors to commence or continue the enforcement and the conservative actions (or, in any event, to take any initiatives prohibited under the relevant Measures), together with other protective effects including suspension of statute of limitation period and forfeitures' effects and a stay of any petition for the opening of judicial liquidation (*liquidazione giudiziale*) or declaration of insolvency.

Other specific effects of Protective Measures may vary depending on the specific judicial restructuring tool selected, according to articles 46, 64, 64-bis, 89 e 94-bis of the Italian Insolvency Code. Such effects may include neutralization of ipso facto clauses in executory contracts and prohibition to discontinue or modify key executory contracts (*contratti essenziali*) with detriment of the entrepreneur.

Upon request of the entrepreneur the competent court may also grant Interim Measures (*misure cautelari*) aimed at ensuring interim effects consistent with the implementation of the relevant judicial restructuring tool.

Protective Measures and Interim Measures are ordinarily granted for a maximum period of four (4) months, which may be extended by the court, upon request of the debtor or the creditors, prior obtainment of the judicial commissioner report (if any) to a maximum period of twelve (12) months, also taking into account any Protective or Interim Measures granted in the context of *composizione negoziata* (see above *Composizione negoziata per la soluzione della crisi d'impresa pursuant to the Italian Insolvency Code*).

b) preliminary petition pursuant to article 44 of the Italian Insolvency Code

The petition to access a judicial restructuring tool may be preceded by the filing of a preliminary and simplified petition pursuant to article 44 of the Italian Insolvency Code. The debtor company may file such petition, reserving the right to submit the underlying plan, the proposal and all relevant documentation within a period assigned by the court *(a)* between 30 and 60 days from the date of the filing of the preliminary petition, subject to only one possible further extension of up to 60 days, where there are reasonable grounds for such extension (*giustificati motivi*) supported by the drafting of a draft restructuring project. If the court accepts such preliminary petition, it, among other things: (i) appoints a judicial commissioner (*commissario giudiziale*) with the task to report to the court about any conduct of the debtor which is fraudulent or detrimental for the creditors, that may cause the court to reject the petition and (ii) set forth reporting and information duties of the company during the abovementioned period. As mentioned above, filing the simplified petition, the debtor may request the application of Measures.

According to article 44, paragraph 1-bis, pending the above-mentioned deadline, the debtor can carry out both activities of ordinary management and urgent activities of extraordinary management provided that, in the latter case, it has been duly and priorly authorized by the court. In case acts of extraordinary management are carried out lacking the court's authorization, they are ineffective and the court will revoke the granting of the deadline/term. All the third-party claims which may arise from acts legally performed by the debtor after the filing will be deemed super-senior (*prededucibili*). Pending the term/deadline granted by the court, the rules governing the loss and reduction of share capital set forth under Italian Civil Code do not apply and the company-dissolution cause for loss or reduction of the corporate capital does not apply as well. Nevertheless, during the **period** preceding the filing of the preliminary petition, article 2486 of the Italian Civil Code – providing for the powers and duties of the directors after the occurrence of an event of dissolution of the company – will be applicable.

Within the deadline set by the court the debtor may submit, alternatively, one of the judicial restructuring tools among debt restructuring agreement, PRO or concordato preventivo.

Non-compliance with the relevant requirements may result in the preliminary petition's dismissal and, subject to the relevant requirements, commencement of judicial liquidation.

Debt restructuring agreements with creditors (accordi di ristrutturazione dei debiti) pursuant to article 57 of the Italian Insolvency Code and ff.

Debt restructuring agreements with creditors (*accordi di ristrutturazione dei debiti*) provided for pursuant to article 57 et seq. of the Italian Insolvency Code allows the debtor, which must be a commercial entrepreneur and not qualify as a "small enterprise" (*impresa minore*, as defined above), facing a crisis or insolvency situation, to enter into an agreement with creditors holding at least 60% of the outstanding indebtedness, to be sanctioned (*omologato*) by the competent court. An independent expert (as described above) appointed by the debtor must assess the truthfulness of the business and accounting data provided by the company and declare and that the agreement is feasible and, particularly, that it ensures that the indebtedness *vis-à-vis* non-participating creditors can be fully satisfied within the following terms in a 120-day term from: (i) the date of sanctioning (*omologazione*) of the agreement by the court, in the case of debts which are due and payable to the non-participating creditors as of the date of the sanctioning (*omologazione*) of the debt restructuring agreement by the court; and (ii) the date on which the relevant debts fall due, in case of debts which are not yet due and payable to the non-participating creditors as at the date of the sanctioning (*omologazione*) of the debt restructuring agreement by the court. Pursuant to article 57 of the Italian Insolvency Code, only a debtor who is insolvent or facing a state of crisis (as described above) can initiate this process and request the court's sanctioning (*omologazione*) of the debt restructuring agreement entered into with its creditors.

The agreement is published in the Companies' Register and becomes effective as of the day of its publication. Creditors and other interested parties may challenge the agreement within 30 days from the publication of the agreement in the Companies' Register. After having settled with the opposition (if any), the court will sanction (*omologare*) the agreement by issuing a judgment (*sentenza*), which can be appealed within 30 days of its publication pursuant to article 51 of the Italian Insolvency Code.

The Italian Insolvency Code does not expressly provide for any indications concerning the purposes of the debt restructuring agreement. The plan can therefore provide, *inter alia*, either for the debtor or a third party carrying out the business, or the sale of the business, and may contain refinancing agreements, moratoria, write offs and/or postponements of claims. The debt restructuring agreement may also contain a proposed settlement for the partial or deferred payment of certain taxes and/or social contributions, provided that certain specific requirements are met (as set forth under article 63 of the Italian Insolvency Code). If the plan provides for the implementation of a merger, demerger or transformation, article 116 of the Italian Insolvency Code shall apply. A single petition for homologation under article 57 et seq. of the Italian Insolvency Code can be filed by more companies belonging to the same group having their center of main interests in Italy, subject to certain requirements being met. In case of a group petition, debtor companies can make a single application also for "*transazione fiscale e previdenziale*" to Tax Authorities/Social Security Authorities under the Italian Insolvency Code (in accordance with the requirements provided thereunder).

Article 58, paragraph 1 of the Italian Insolvency Code sets the rule applicable when substantial amendments are made to the plan. More precisely, in the event of substantial amendments to the plan before its sanctioning (*omologa*), the report issued by the expert and the consent to the debt restructuring agreement expressed by creditors shall be renewed. The report shall also be renewed in the event of substantial amendment to the agreement. In the event that substantial amendments to the plan are required after sanctioning (*omologa*), the debtor shall make such amendments that are appropriate to ensure the implementation of the agreements, by requesting to the independent expert the renewal of the report (*attestazione*). In this case, the renewed report, together with the amended restructuring plan, shall be published in the Companies' Register, giving notice to the creditors by registered letter or by certified email (PEC). The creditors may file an objection (*opposizione*) to the abovementioned amendments within 30 days after having been notified of the same.

General features of debt restructuring agreements

No dispossession of debtor occurs in respect of a debt restructuring agreement, but the court may appoint a judicial commissioner to oversee the proceedings and must do so in case petitions for the opening of judicial liquidation are pending, when it is necessary for the protection of the parties who filed such petitions. It is a court-supervised procedure, which can take from a few months up to more than a year (the duration of the proceedings is generally influenced by challenges). Creditors entering into the debt restructuring agreement are not required to receive the same treatment (*i.e.*, they are free to reject the proposal and to protect their interests otherwise) and no cram-down is applicable to third-party non-adhering creditors, who shall be fully re-paid within 120 days from validation (*omologa*) of the debt restructuring agreement (if the claims are already due and payable at such date) or within 120 days from the respective maturity date if such creditors' claims are not yet due as of the validation date of such debt restructuring agreement as per respectively article 57, paragraph 3 letters a) and b), save for certain

specific cram-down provisions/mechanisms applicable in relation to Tax Authorities/Social Security Authorities subject matter of a settlement proposal (*transazione fiscale e previdenziale*) pursuant to – and in accordance with – the provisions set forth under article 63 of the Italian Insolvency Code.

By virtue of article 59 of the Italian Insolvency Code, article 1239 of the Italian Civil Code applies to the creditors that have adhered to the debt restructuring agreements so the discharge of the debtor under the agreement entails the release of the guarantors. On the other hand, non-participating creditors maintain their claims towards (i) those who are jointly and severally liable with the debtor, (ii) the debtor's guarantors and (iii) debtors by way of right of recourse (*regresso*). Unless agreed otherwise, debt restructuring agreements produce effect towards the shareholders who are jointly liable with non-limited liability companies, without prejudice to their obligations as guarantors (if any) unless the agreement provides otherwise.

After the publication of the petition in the Company Register creditors and other interested parties may file an opposition to sanctioning (*omologazione*) within the following thirty (30) days. In case of opposition, the court will schedule a specific hearing for the party to discuss the case. At such hearing, the court decides upon any opposition and if assesses that the conditions for the sanctioning (*omologazione*)l are met, issues the sanctioning judgment (*sentenza di omologa*), otherwise the petition is rejected and, upon request of the subjects having the relevant standing, i.e. the debtor itself, the creditors, the supervisory bodies of the debtor and the Public Prosecutor (see below *Judicial liquidation (liquidazione giudiziale)* section) may declare the debtor insolvent and declare the opening of the judicial liquidation (*liquidazione giudiziale*) or other applicable insolvency proceedings.

Debt restructuring agreements with special regulations

a) Facilitated debt restructuring agreements (accordi di ristrutturazione agevolati)

Article 60 of the Italian Insolvency Code provides for the so-called facilitated debt restructuring agreements (*accordi di ristrutturazione agevolati*). Such agreements are a particular kind of debt restructuring agreements which may be entered into with creditors representing 30% of the total indebtedness (instead of the 60% generally required) provided that the debtor: (i) has waived the standstill on the payment of non-consenting creditors (usually provided for by law, for a period of 120 days from the court sanctioning (*omologazione*) of the agreement or from the maturity date of the relevant obligations, in "ordinary" restructuring agreements); and (ii) has not previously requested to the court the granting of Protective Measures on the its assets under article 54 of the Italian Insolvency Code.

b) Debt restructuring agreements with extended effects (accordi di ristrutturazione ad efficacia estesa)

Pursuant to the article 61 of the Italian Insolvency Code, debtors are entitled to enter into debt restructuring agreement by obtaining the approval of creditors representing at least 75% of the credits belonging to the same category (with respect to the homogeneity of their status and economic interests) and can request the court to declare that agreement binding on the non-adhering creditors belonging to the same category (so called "cram down").

More in detail, debt restructuring agreements with extended effects (*accordi di ristrutturazione ad efficacia estesa)* provided pursuant to article 61 of the Italian Insolvency can be applied to any category of creditors, provided that, *inter alia*: (i) all the creditors belonging to the same category have been informed of the start of the negotiations and have been able to participate in them in good faith and have received complete and up-to-date information on the debtor's assets, economic and financial situation as well as on the restructuring agreement and its effects; (ii) the agreement provides for the continuation of the business activity either directly or indirectly pursuant to article 84 of the Italian Insolvency Code; (iii) the claims of the consenting creditors belonging to a same category represent at least 75% of all the claims belonging to the same category, being understood that a creditor may hold claims in more than one category; (iv) the non-adhering creditors belonging to the same category to which the effects of the agreement are extended can be satisfied under the agreement for an amount not lower than the amount they would receive had the judicial liquidation been opened at the date of the petition; and (v) the debtor has notified the agreement, the application for court sanctioning (*omologazione*) and the documents attached thereto to the creditors to be crammed down. The percentage of 75% is lowered to 60% if the achievement of the agreement is reported to in the Final Report issued by the Expert at the end of the negotiations pertaining to the *composizione negoziata per la soluzione della crisi d'impresa* or if the request for homologation is filed within 60 days of the notification of the Expert's Final Report.

Moreover, pursuant to the new article 61, paragraph 5, of the Italian Insolvency Code, a special provision is set forth for debtors whose financial indebtedness is at least 50% of their total indebtedness: in this situation the debt

restructuring agreement may identify one or more categories of creditors which are banks and financial intermediaries (and/or, in case of credit assignment and/or transfer, their assignees or transferees) which have a homogeneous legal position and economic interests and extend the effects of the agreement to non-participating creditors who are part of the same category. In such instance, the agreement is valid even if it does not contemplate the direct or indirect continuation of the business activity as a going concern. However, in such case the rights of creditors who are not banks or financial intermediaries (or their assignees or transferees) remain valid.

In any event, a debt restructuring agreements with extended effects cannot impose on the non-adhering creditors the performance of new obligations, including the granting of new overdraft facilities, the maintenance of the possibility to utilize the existing facilities or the utilization of new facilities. Continuation of already existing financial leasing contracts is not considered a new obligation.

Standstill agreement (convenzione di moratoria) pursuant to article 62 of Italian Insolvency Code

Article 62 of the Italian Insolvency Code provides for a the possibility for the debtor to enter into a standstill agreement (*convenzione di moratoria*) with creditors representing 75% of the same category, with binding effects also to the non-participating creditors, provided that (A) an independent expert has been appointed and certifies (i) the truthfulness of the business data, (ii) the attitude of the standstill agreement to temporarily regulate the effects of the crisis and (iii) that the non-adhering creditors are not worse off compared to what they would have received had the judicial liquidation been opened at the date of the standstill and (B) certain further conditions are met (e.g., all the creditors belonging to the relevant category have been duly noticed of the beginning of the negotiations, have been made able to participate in the negotiations and have received complete and up-to-date information on the debtor's assets, economic and financial situation and on the agreement and its related effects). Non-adhering crammed-down creditors can challenge the standstill agreement in court within 30 days after having been notified of the same.

In any event, the standstill agreement cannot impose on the non-adhering creditors the performance of new obligations, including the granting of new overdraft facilities, the maintenance of the possibility to utilize the existing facilities or the utilization of new facilities. Continuation of already existing financial leasing contracts is not considered a new obligation.

Restructuring plan subject to homologation (piano di ristrutturazione soggetto ad omologazione or PRO)

Articles 64-*bis* et seq. of the Italian Insolvency Code allows the debtor, which must be a commercial entrepreneur and not qualify as small enterprise ("*impresa minore*"), facing crisis or insolvency, to submit to its creditors a restructuring plan subject to homologation (*piano di ristrutturazione soggetto ad omologazione*, hereinafter also "**PRO**") on a going concern basis and aimed at distributing among them the relevant plan's proceeds. Creditors must be divided into classes (with homogeneous legal status and economic interests) and there is no requirement to comply with the distribution rules of other insolvency proceedings (*ordine delle cause legittime di prelazione*), but the proposal must be approved by unanimous consent of the classes. In any event, employees' claims must be satisfied entirely, with monetary payment, by thirty (30) days after the homologation.

The plan may also envisage the settlement of Tax Authorities/Social Security Authorities credits pursuant to the terms and conditions set forth under article 64-*bis*, paragraph 1-bis of the Italian Insolvency Code.

Application for sanctioning (*omologazione*) of PRO by the court is governed by the unitary proceedings applicable to judicial restructuring tool (see above under section *Certain common rules applicable to judicial restructuring tools*) and certain rules typical of composition with creditors (*concordato preventivo*), set forth under article 64-bis, paragraph 9, of the Italian Insolvency Code, are applicable thereto. The court is required to run a preliminary judgement of admissibility in order to assess, *inter alia*, the correctness of the class formation criteria. The entrepreneur maintains the ordinary and extraordinary management of the company in the prevailing interest of the creditors under the supervision of a judicial commissioner appointed by the court.

The debtor is, in any case, allowed to amend the application at any time, formulating the proposal of composition (*concordato preventivo*).

If the plan provides (also before homologation) for the transfer of a business unit (or one or more business units), the debtor may ask the court to authorize such transfer without application of the effects of article 2560 para. 2 of the Italian Civil Code (but without prejudice to article 2112 of the Italian Civil Code). In such event, the Tribunal shall assess – *inter alia* – that the transfer is functional to the business continuity and the best satisfaction for creditors, as well as compliance with the principle of competitiveness in the selection of the buyer.

The court will sanction the PRO in the event of approval by all classes. In each class, the proposal is approved if a majority of the claims allowed to vote is reached or, failing that, if two-thirds of the claims of the voting creditors have voted in favor, provided that creditors holding at least half of the total claims of the same class have voted.

If a dissenting creditor objects to the proposal, the court will approve and homologate the PRO if the proposal grants to such creditor a recovery not lower than that obtainable had the judicial liquidation been opened at the date of the entry-petition.

Against the judgment of the court ruling on the approval (*homologation*) of the PRO, the parties may file an appeal with the competent court of appeal within the term of 30 days from the notification of the relevant judgement of the court, pursuant to article 51 of the Italian Insolvency Code.

Court supervised composition with creditors (concordato preventivo)

a) general overview

A debtor, which must be a commercial entrepreneur and not qualify as a "small enterprise" (*impresa minore*, as defined above) facing crisis or insolvency, has the option to make a composition proposal to its creditors (so called "*concordato preventivo*" or composition with creditors), under court supervision, in order to compose its overall indebtedness and/or reorganize its business, thereby avoiding a declaration of insolvency and the initiation of judicial liquidation.

The relevant application to commence the *concordato preventivo* is governed by the unitary proceedings applicable to judicial restructuring tool (see above under section *Certain common rules applicable to judicial restructuring tools*).

More in detail, the debtor, which is the only subject having standing to commence the proceedings, shall file the application with the competent court (to be identified pursuant to article 27 of the Italian Insolvency Code) together with a specific set of documentation, including, among others, a restructuring plan containing an analytic description of manner and timing of the fulfillment of the proposal and an independent expert report assessing the feasibility of the composition proposal and the truthfulness of the business and accounting data provided by the company. From the date of such publication to the date on which the court sanctions the *concordato preventivo*, preexisting creditors cannot obtain security interests (unless authorized by the court) and mortgages registered within the 90 days preceding the date on which the petition for the *concordato preventivo* is published in the company's register are ineffective against such pre-existing creditors. Upon request of the entrepreneur in the entry – petition or in a subsequent petition, Protective Measures are applicable (see above under section *Certain common rules applicable to judicial restructuring tools*) and, as a result, from the date of publication of the petition in the companies' registry, it may be prohibited for the creditors to commence or continue any enforcement or precautionary actions (or, in any event, to take any initiatives prohibited under the relevant Measures) on the assets of the entrepreneurs or any asset used in the business. As already described above, and also with reference to debt restructuring agreements, at any time pending the proceedings, the debtor may request to be granted Interim Measures or other Measures, which can also be requested pursuant to article 44 of the Italian Insolvency Code, together with a pre-petition for the access to one of the restructuring tools provided for by the Italian Insolvency Code.

The composition proposal filed in connection with the petition may provide for the satisfaction of the creditors through a restructuring plan (i) on a going concern basis (*concordato con continuità aziendale*), (ii) with liquidation of the assets, including through piecemeal liquidation (*concordato liquidatorio*), (iii) with transfer of the assets to a third party (*concordato con assuntore*) or in any other manner, including through extraordinary transactions, such as the granting to creditors and to their subsidiaries or affiliated companies of shares, bonds (including bonds convertible into shares), or other financial instruments and debt securities. In any event, the recovery granted to the creditors, under the relevant restructuring plan, shall not be less than that obtainable in the judicial liquidation (*liquidazione giudiziale*).

Class formation is applicable and is mandatory in the cases provided for under the article 85 of the Italian Insolvency Code.

In particular, classes shall be formed in relation to creditors for tax or mandatory social security contributions when not repaid in full, creditors secured by third-party guarantors, creditors satisfied (wholly or partially) with non-monetary compensation, creditors submitting competing *concordato* proposals and relevant related parties. In *concordato* on a going concern basis (see below), a specific class shall be formed also for creditors with supply

receivables which, in the previous financial year, have not exceeded at least two of the following requirements: (i) assets of up to five million Euro; (ii) net sales and service revenues of up to ten million Euro; and (iii) an average number of employees equal to fifty.

In case of class formation, each class shall be composed by creditors having homogeneous legal positions and economic interests and differentiated treatments among different classes are allowed. Subject to certain exceptions, the division in classes shall not affect the distribution rules according to the mandatory ranking of priorities set forth in the Italian Civil Code and in the Italian Insolvency Code (*ordine delle cause legittime di prelazione*).

The composition proposal may also contain a proposed settlement for the partial or deferred payment of certain taxes and social or insurance mandatory contributions managed by public creditors, in compliance with the requirements set forth under article 88 of the Italian Insolvency Code, which also provides for a specific cram-down mechanism in case the relevant public creditor does not adhere (or vote against) the plan.

The plan may also provide for the implementation of corporate extraordinary transactions such as mergers, demergers and transformations, subject to the requirements and regulations set forth in article 116 of the Insolvency Code.

The restructuring plan may include a deferral of payments (or moratorium) due to secured creditors, unless when the plan envisages the disposal of the relevant collateral. With respect to employees' claims secured by lien under article 2751-bis, n. 1 of the Italian Civil Code, the deferral or moratorium cannot exceed 6 months from the homologation. The deferral or moratorium of payments may allow secured creditors to exercise voting rights under article 109 of the Italian Insolvency Code (see below).

b) key features of the proposal of concordato preventivo (on a going concern basis or with liquidation purpose) and competitive proposals

When the restructuring plan is with liquidation purpose (*concordato liquidatorio*) certain specific thresholds of minimum recovery / contributions of new funds apply. Namely, it must be ensured that (i) external resources are contributed to the plan which increase the assets available at the time of the filing by at least 10% and (ii) the unsecured creditors (including by effect of demotion) are paid in a percentage not lower than 20% of their total claims. The proceeds of the plan shall be distributed mainly according to the mandatory ranking of priorities (*absolute priority rule*), pursuant to article 2740 and 2741 of the Italian Civil Code, exception made for external resources whose distribution may derogate to the above, to the extent that the 20% threshold of minimum recovery for unsecured creditors is complied with. Resources contributed are considered as "external", *inter alia*, when provided for any reason by the debtor's shareholders without obligation of repayment or subordination, and provided for the sole benefit of the creditors. In any event, pursuant to article 84, para. 5, of the Italian Insolvency Code, it is not mandatory to offer full recovery to secured creditors, provided that they receive, at least, the amounts they would have received in case of liquidation of the relevant collateral, net of expenses.

The restructuring plan is on a going concern basis (*concordato con continuità aziendale*), when it envisages either (i) the continuation of the business by the debtor as going concern (*continuità diretta*) or (ii) the transfer of the business as a going concern to one or more third party (*continuità indiretta*). According to Article 84, paragraph 3 of the Italian Insolvency Code, the plan is considered with business continuity also if it includes disposal of assets, provided that the recovery of the creditors depends, at least in part, from the proceeds created by the going concern, regardless they are prevalent to the proceeds of disposals.

When the restructuring plan is with business continuity, it must fully describe the costs and revenues that are expected as a consequence of the continuation of the business as a going concern, as well as the financial resources and support which will be necessary. Furthermore, in *concordato* with business continuity class formation is always mandatory.

Furthermore, the distribution of the proceeds under the plan is subject to specific rules; namely (i) up to the so called "liquidation value" - *i.e.* such value that would be available for creditors in the scenario of judicial liquidation (*liquidazione giudiziale*), including any upside deriving from the disposal of the business as a going concern and from lawsuits which can be brought in such scenario, net of relevant costs, pursuant to article 87 of the Italian Insolvency Code – any distributions to creditors shall comply with the *absolute priority rule* according to articles 2740 and 2741 of the Italian Insolvency Code, while (ii) any value exceeding the liquidation value may be distributed according to *relative priority rule*, along which it is sufficient that creditors with equal ranking receive equal treatment and a better treatment than any junior creditors; however (iii) employees' claims, pursuant

to article 2751-bis, n. 1 of the Italian Civile Code, shall be satisfied in compliance with *absolute priority rule* both out of the liquidation value and the exceeding value and (iv) external resources, as described above, may be freely distributed. In any event, each creditor shall receive a specific economic benefit (*utilità specificamente individuata*) including by way of continuation of contractual relationships with the debtor or its successors.

In case of business continuity, the independent expert's report must also certify that the plan is aimed at avoiding or overcoming the insolvency of the debtor, ensuring the viability of the business and that no creditor is worsen of by the plan compared with the judicial liquidation scenario.

After the filing of the debtor proposal and until 30 days prior to creditors voting on debtor's plan, creditors holding at least 5% of the total indebtedness of the debtor (excluding intercompany receivables) may submit a competing concordato proposal (*proposta concorrente*), provided that: (a) the competing proponent is not a related party of the debtor and (b) the debtor's proposal offers a recovery lower than 30% of the total amount of unsecured creditors (20% applies if *concordato preventivo* has been preceded by *composizione negoziata*) as certified by the independent expert.

c) procedural aspects

c.1) opening of the procedure and debtor in possession

If the court determines that the composition proposal is admissible, it appoints a judge (*giudice delegato*) to supervise the procedure, appoints one or more judicial officers (*commissari giudiziali*) and schedules a specific period of time during which creditors can express their vote. During the implementation of the proposal, the company generally continues to be managed by its corporate bodies (usually its board of directors), but is supervised by the appointed judicial officers and judge (who will authorize all transactions that exceed the ordinary course of business).

More in detail, from the filing of the petition and to the date on which the court sanctions the *concordato preventivo* (*omologa*), the debtor is entitled to operate within the ordinary course of its business, while extraordinary transactions require the prior approval of the court. The entrepreneur may be also authorized by the court to pay pre-filing claims relating to the purchase of goods or services, if an independent expert certifies that they are essential for business continuity and to ensure the best satisfaction of creditors.

Any act, payment or security executed or created after the filing of the *concordato preventivo* application and in accordance with its rules and procedures is exempt from claw-back action. The debtor is also exempt from certain bankruptcy crimes provided under articles 322, third paragraph ("preferential bankruptcy"), and 323 ("simple bankruptcy") of the Italian Insolvency Code, in relation to acts and payments made in execution of the Composition with Creditors and/or in relation to finance provided under article 99 of the Italian Insolvency Code upon judicial authorization. Claims arising from acts lawfully carried out by the debtor according to the above mentioned rule have super senior priority (*prededucibilità*) in the event of a subsequent judicial liquidation(see "*Statutory priorities*" below).

For details regarding super senior financing, please refer to the paragraph relating to debt restructuring agreements.

c.2) executory contracts

As a general rule, the access to composition with creditors does not trigger any automatic discontinuation of the executory contracts, notwithstanding they include any *ipso facto* clause, but specific requirements are applicable for continuation of contracts with public administration, pursuant to article 95 of the Italian Insolvency Code. The debtor may be also authorized by the court to suspend or terminate specific executory contracts which are not consistent with the restructuring plan pursuant to the specific conditions set forth under article 97 of the Italian Insolvency Code. If Protective Measures have been granted, the affected creditors may not discontinue the key executory contracts on the grounds of pre-petition breaches pursuant to article 94-*bis* of the Italian Insolvency Code.

c.3.) transfer of assets and competing offers

As a general rule, pending the composition with creditors, any transfer or rent of the business, of business units and of specific assets, provided that has been previously authorized by the court as transaction exceeding the ordinary course of business, shall be implemented through competitive procedures, on the basis of specific appraisals and with the support of adequate advertising. Furthermore, when the restructuring plan includes an offer by a pre-identified offeror (so called "pre-packed offer") for the purchase or rent of the business, a business

unit or specific assets, the relevant transfer or rent cannot be implemented prior than the following steps are complied with: (i) the offer shall be adequately advertised in order to collect competing offers; (ii) if one or more letters of interest is received, the Court shall start a competitive procedure for the submission of irrevocable offers; in case more favorable offers are submitted, an auction shall be run to select the winner. If the winner differs from the original pre-identified offeror, the latter is freed from any obligation towards the company and indemnified of the costs sustained (up to a maximum cap of 3% of the offered price); (iii) if no competitive offers are submitted in the procedure, the original offeror remains bound to its initial offer.

c.4) approval procedure

The *concordato preventivo* is voted on within the period of time scheduled by the court.

Voting procedures are different depending on the type of composition with creditors.

When the restructuring plan is with liquidation purpose (*concordato liquidatorio*) the plan must be approved with the favorable vote of the creditors representing the majority of the receivables admitted to vote.

In case one creditor holds more than the majority of receivables admitted to voting, it is also necessary to reach majority of creditors by headcount i.e. by creditors (*maggioranza per teste*).

In the event that the plan provides for the division of creditors into classes, the majority of the receivables admitted to vote, included in each class, shall be reached also in the majority of the classes.

The *concordato preventivo* is approved only if the required majorities of creditors expressly voted in favor of the proposal. Creditors who did not exercise their voting right will be deemed not to approve the *concordato preventivo* proposal.

In relation to voting by the holders of the Notes in the *concordato* proceedings, the interactions between (i) the provisions set forth under the Indenture with respect to meetings of holders of the Notes, the applicable majorities and the rights of each holder of the Notes to vote in the relevant meeting and (ii) applicable Italian law provisions relating to quorum and majorities in meetings of holders of notes issued by Italian companies are largely untested in the Italian courts (recent case law has however affirmed the right of noteholders whose vote may be tainted by conflict of interest as could be the case of disenfranchised noteholders to be computed for the purposes of relevant quora and be admitted to vote, albeit in a specific class).

Secured creditors satisfied in full under the proposal of *concordato preventivo* are not entitled to vote, unless and to the extent that they waive their security interests, in which case they can vote only in respect of the part of their debt affected by the proposal. If the proposal provides for the partial satisfaction of secured creditors, the latter are considered unsecured for the demoted part of their claims.

Among others, (i) the companies controlling the debtor, controlled by the debtor and those under the control of the entity controlling the debtor, (ii) the assignees of the claims of the entities under point (i), if the assignment has been perfected during the year preceding the *concordato* and (iii) creditors in conflict of interest are excluded from voting and not included in the relevant *quorum*. The creditor submitting a competing proposal, its subsidiaries, the company which controls such creditor and the other companies subject to the same control of such creditor, are admitted to vote only if included in a separate class.

If an objection to sanctioning (*omologazione*) of the *concordato preventivo* is filed (a) by 20% of the creditors admitted to vote or, (b) in case there are different classes of creditors, by a creditor belonging to a non-adhering class, on the grounds that the proposal is not economically beneficial, the court may nevertheless sanction the *concordato preventivo* if it deems that the relevant objecting creditors are will be satisfied to a greater extent as a result of the *concordato preventivo* than they would have been in case a judicial liquidation had been commenced as at the date of the filing of the *concordato* petition.

Pursuant to article 109, paragraph 5, of the Italian Insolvency Code, when the composition with creditors is on a going-concern basis (*concordato con continuità*), certain specific rules apply. Indeed, the relevant proposal must be approved by all classes of creditors. In each class, the proposal is approved if the majority of the claims allowed to vote is reached or, failing that, if two-thirds of the claims of the voting creditors have voted favorably, provided that creditors holding at least half of the total claims of the class have voted.

Secured creditors are not admitted to vote if they receive full monetary satisfaction of their claims within 180 days from the approval of the composition with creditors, provided that the relevant in – rem security interests which

secure their claims (pledge or mortgage) remain in place during the implementation of the plan and until the disposal of the relevant assets underlying such collaterals, for the purpose of repaying the relevant secured claims. As regards employees' claims secured by lien under article 2751-bis, n. 1 of the Italian Civil Code the applicable term for the purposes above is reduced from 180 days to 30 days. If the conditions above are not complied with the relevant creditors vote and, for the demoted part of their claims, are included in a separate class.

Pursuant to article 112 of Italian Insolvency Code, the composition with creditors on a going concern basis (*concordato con continuità*) can be sanctioned (*omologato*), notwithstanding the dissent of certain classes, upon request of the debtor (or, in case of a competing *concordato* proposal, with the consent of the debtor which does not exceed any of the thresholds set forth in article 85, paragraph 3 of the Insolvency Code) if the following conditions are jointly met (so called **cross-class cram-down**): (i) the liquidation value (as defined under article 87, paragraph 1, letter c) of the Italian Insolvency Code) is distributed in accordance with the ranking of each claim (absolute priority rule); (ii) the value (arising from the going concern) exceeding the liquidation value is distributed in such a way that the claims included in the dissenting classes receive a treatment at least equal to that of the classes of the same ranking and more favorable than that of the classes of lower ranking (relative priority rule); (iii) no creditor receives more than the amount of its claim and (iv) the proposal is approved by the majority of the classes, provided that at least one of them consists of secured creditors or, failing such majority approval, the proposal is approved by at least no. 1 (one) class of creditors meeting both the following requirements: *(a)* creditors included in such class(es) are offered an amount which is lower than the amount of their claims, and *(b)* such creditors would be satisfied in whole or in part if the "absolute priority rule" was applied also to the value exceeding the liquidation value.

In the composition with creditors on a going concern basis (*concordato con continuità*), if an objection to sanctioning (*omologa*) is filed by any dissenting creditor on the grounds that the proposal is not economically beneficial the court may nevertheless sanction the *concordato preventivo* if, according to the proposal and the plan, the relevant objecting creditor results to be satisfied to an extent not lesser than the liquidation value (as defined under article 87, paragraph 1, letter c) of the Italian Insolvency Code). In case of objection the court orders the estimate of the going concern of the debtor only if the objection is presented on the grounds (a) of the lack of economic expediency of the plan or (b) of the violation of the cross-class cram-down rules.

If a *concordato* competing proposal (*proposta concorrente*) has been filed by one or more creditors, they will be subject to the vote by creditors as well. The winning proposal is the one obtaining the highest majority of positive votes and, in the event of a tie, the debtor's proposal prevails against a creditor's, while a creditor's proposal will prevail over the one of another creditor if it has been filed before. In the event that none of the proposals achieves the required number of votes as described above, the judge shall re-submit to vote the proposal which obtained the highest majority. Without prejudice to the above, according to article 109, para. 5-*bis* of the Insolvency Code, when one or more competing *concordato* proposals have been filed and more than one *concordato* proposals (provided that they are based on different plans) has been approved by creditors, the proposal on a going concern basis (*continuità aziendale*) is presented for homologation. In case more proposals on a going concern basis (*continuità aziendale*) have been approved by creditors, the proposal which has obtained the highest majority of unsecured creditors admitted to vote is presented for sanctioning (*omologazione*).

If the composition with creditors is approved, terms and conditions of payments and performance are amended according to the *concordato* proposal's provisions and the debtor may return to its usual operations. A sanctioned *concordato preventivo* is compulsory for all pre-petition creditors (i.e. creditors with receivables have arisen prior to the publication of the entry-petition in the companies' register). However, creditors' rights against co-debtors and guarantors of the debtor are not affected.

Pursuant to article 111 of the Italian Insolvency Code, if the creditors do not approve the *concordato preventivo* with the required majorities and without prejudice to cross-class cram-down mechanism, if requested or consented by the debtor, as applicable, the deputy judge (*giudice delegato*) shall inform the court which, subject to the occurrence of the relevant conditions, declares the opening of judicial liquidation.

c.5) Implementation of the plan

If the composition with creditors provides for the liquidation of the debtor's assets, the court (i) appoints one or more liquidators and a credit committee including 3 to 5 creditors, in order to assist in the liquidation and (ii) set forth the relevant liquidation rules.

The Court might appoint one or more liquidators (and a creditors' committee) also upon homologation of a *concordato in continuità*, if the relevant underlying plan provides for the liquidation of a portion of the assets or the transfer of the business unit (*azienda*) and the relevant buyer has not yet been identified.

The court may grant special powers to the commissioner to implement the plan if the debtor does not cooperate, including by taking all corporate actions required.

Exclusively in case of composition with creditors with going concern, it is possible to amend (after the homologation) the content of the plan if so necessary to implement the proposal to creditors, subject to compliance with the requirements and conditions set forth under article 118-bis of the Insolvency Code and as well as subject to specific court-ruling/proceeding provided thereunder.

c.6) Termination and annulment

In case of non-minor breaches, the *concordato* may be terminated by each of the creditors or the judicial commissioner (in case of petition by one or more of the creditors). The relevant lawsuit must be brought within one year from the deadline originally scheduled for the last activity to be carried out under the *concordato* itself. The *concordato* may also be annulled upon request of the judicial commissioner or of one or more creditors in case a portion of the assets of the debtor has been concealed or the liabilities have been willfully exaggerated. The relevant lawsuit must be brought within six months from the discovery of the concealment/exaggeration and, in any event, within two years from the deadline originally scheduled for the last activity to be carried out under the *concordato* itself.

Pursuant to article 118 bis of the Italian Insolvency Code, the plan underlying a sanctioned composition with creditors on a going concern basis (*concordato preventivo in continuità*) may be amended (after the sanctioning) if so necessary to implement the proposal to creditors, subject to compliance with the requirements and conditions set forth thereby, and as well as subject to specific Court-ruling/proceeding provided thereunder.

Available financing forms under the Italian Insolvency Code

The enactment of the Italian Insolvency Code did not change the main features of the previous legal framework set out in the Italian Bankruptcy Law. The aim at preserving the value of the company as a going concern and maximizing creditor's repayment are the main goals both of the previous legal framework and the Italian Insolvency Code.

However, the new provisions under the Italian Insolvency Code remove some uncertainties and clarifies some debated issues.

In addition, the provisions under the Italian Bankruptcy Law focused mainly on the perspective of creditors already having claims against the company to avoid that the expectations of recovery of such claims were reduced due to the potential considerable increase in super senior (*prededucibili*) claims and, to this extent, granted a preeminent role to the independent expert together with the court authorization procedures. Unlike the former legal framework, the new provisions of the Italian Insolvency Code focus more on preserving the business value of the distressed company as a going concern by strengthening the key role of the financing of the debtor in the context of the relevant proceedings.

The provision of article 99 of the Italian Insolvency Code applies to both debt restructuring agreement and to the court-supervised compositions with creditors (*concordato preventivo*) and to (ii) restructuring plans subject to homologation pursuant to the reference included in article 64-*bis* para. 9 of the Italian Insolvency Code as they are compatible (*in quanto compatibili*).

Please find below a brief summary of the main features of the provisions concerning different available financings under the Insolvency Code. The provisions under article 99, 101 and 102 of the Italian Insolvency Code apply to *concordato preventivo* as well as to (i) debt-restructuring agreements (*accordi di ristrutturazione dei debiti*) pursuant to the reference in article 57, paragraph 4-bis, of the Insolvency Code and to (ii) restructuring plans subject to homologation pursuant to the reference included in article 64-*bis* para. 9 of the Italian Insolvency Code as they are compatible (*in quanto compatibili*).

Interim financing - Article 99 Paragraphs 1 to 4 of the Italian Insolvency Code

Pursuant to article 99, paragraphs 1 and 2, of the Italian Insolvency Code, in the context of restructuring transactions on a going concern basis, also in cases in which business continuity is maintained exclusively in a

view of liquidation, the court, pending the sanctioning (*omologazione*) of the debt restructuring agreement pursuant to article 57 et seq. of the Italian Insolvency Code or a petition (in relation to the court-supervised composition with creditors procedure) or a petition for a restructuring plan subject to homologation (given the reference included in article 64 bis para.9 of the Italian Insolvency Code) may authorize the debtor, if so expressly requested to incur in new super senior indebtedness and to secure such indebtedness, subject to the court's authorization with in rem security (*garanzie reali*), or by assigning claims, provided that: (i) the petition specifies (A) the purpose of the financing; (B) that the debtor is unable to otherwise obtain the required funds and (C) that the absence of such financing will entail an imminent and irreparable prejudice to the going concern or to the proceedings; and (ii) the expert appointed by the debtor, having verified the overall financial needs of the company until the sanctioning (*omologazione*), declares that the new financing are functional to the continuity of the business activities until the sanctioning (*omologa*) of the relevant insolvency proceedings or to the opening of the proceedings or to conduct them and, in any case, are aimed at providing a better satisfaction of the rights of the creditors. The expert report is not necessary in case the court recognizes that there is the urgent need to avoid an imminent and irreparable prejudice to the going concern. In the event of the subsequent admission of the debtor to the judicial liquidation proceeding (*liquidazione giudiziale*), the aforementioned financings do not enjoy the super senior priority status (*prededucibilità*) in case the petition or the expert report contain false data or omit important information or in case the debtor performed acts in fraud of the creditors (*atti in frode ai creditori*) and the judicial receiver proves that who made available such financings to the debtor, had knowledge of such circumstances at the date of the disbursement.

Bridge Financings - Article 99 Paragraph 5 of the Italian Insolvency Code

Pursuant to article 99, paragraph 5, of the Italian Insolvency Code, financings (together with the related claims) granted, in any form, in view of (*i.e.*, before) presentation of a petition for the sanctioning (*omologazione*) of a debt restructuring agreement, a restructuring plan subject to homologation (*piano di ristrutturazione soggetto ad omologazione*) or a court-supervised composition with creditors (*concordato preventivo*) (*finanza ponte*), may be granted such priority status provided that (i) they meet the requirements of article 99, paragraphs 1 and 2 (described above), and (ii) it is envisaged by the relevant plan or agreement and that such priority status is expressly provided for by the court at the time of approval of the plan or sanctioning (*omologazione*) of the debt restructuring agreement (*accordi di ristrutturazione dei debiti*), the approval of the *concordato preventivo,* or the sanctioning of the restructuring plan subject to homologation (*piano di ristrutturazione soggetto ad omologazione*). The indebtedness under such financing option may be secured, subject to the court's authorization, with in rem security (*garanzie reali*), or by assigning claims.

Implementation financing - Article 101 of the Italian Insolvency Code

In restructuring transactions on a going concern basis, pursuant to article 101 of the Italian Insolvency Code, any financing granted to the debtor pursuant to a debt restructuring agreement or restructuring plan subject to homologation (or a court-supervised pre-judicial liquidation composition with creditors) sanctioned by the competent court and expressly provided for in the relevant plan, enjoy super senior priority status (*prededucibilità*) in case of subsequent judicial liquidation, save for the below (such status also applies to financing granted by shareholders, but only up to 80% of such financing, unless the lender has become a shareholder of the debtor as implementation of the debt restructuring agreement or of the supervised pre-bankruptcy composition with creditors, as in such case the priority status is afforded to 100% of the financing) according with the provisions set forth in article 221 of Italian Insolvency Code. In the event of the subsequent admission of the debtor to the judicial liquidation proceeding (*liquidazione giudiziale*), the aforementioned financings do not enjoy the super senior priority status (*prededucibilità*) in case the composition plan or the debt restructuring agreement, on the basis of an assessment to be made at the time of the relevant filing, results to be based upon false data or omission of relevant information or in case the debtor performed acts in fraud of the creditors (*atti in frode ai creditori*) and the judicial receiver proves that who made available such financings to the debtor, had knowledge of such circumstances at the date of the disbursement.

The shareholders' financing – Article 102 of the Italian Insolvency Code

Pursuant to article 102, paragraph 1 of the Italian Insolvency Code super senior ranking status also applies to any financings made available by shareholders in any form (including any guarantee facility or granting counter-indemnities) up to 80% of their amount.

Paragraph 2 of article 102 of the Italian Insolvency Code clarifies that, to the extent the financing is made available by an entity becoming a shareholder in the context of and by way of implementation of a composition with creditors, debt restructuring agreement or the restructuring plan subject to homologation, all the claims deriving

from such financings benefit of super senior ranking status and the 80% threshold limitation set out in Paragraph 1 does not apply.

Super senior ranking - Article 99 Paragraph 6 and 101 paragraph 2 of the Italian Insolvency Code

Super senior ranking *(prededucibilità*) of the claims is the most relevant feature of bridge financings, interim financings and implementation financings as described in the paragraphs above.

Pursuant to article 6, para. 1, of the Italian Insolvency Code, the claims deriving from such financings are expressly qualified as super senior by law and by article 6, para. 2, of the Italian Insolvency Code which clarifies that their super senior ranking natures continues in the context of opening of the *concursus* (*concorso*) among creditors and remains even when subsequent proceedings are opened and follow (including in a judicial liquidation or any so-called minor proceedings).

As already explained above, super senior ranking nature of such financings will be excluded in case of acts of fraud (which may be relevant also in the context of debt restructuring agreements).

Such limit to super senior ranking is regulated differently for interim financings and bridge financings on the one side and for the implementation financings on the other side.

More specifically, for interim financings or bridge financings false data or omission of relevant information are relevant when found by the court in the request for the incurrence of the financings or the report of the independent expert, while for implementation financings such elements are relevant when on included in plan underlying the composition with creditors or the debt restructuring agreement.

With reference to interim financings and bridge financings, article 99 paragraph 6 of the Italian Insolvency Code provides that, in case of the opening of a judicial liquidation, such financings (although authorized by the court thereunder) do not benefit from super senior ranking when it is proved (jointly) that:

(a) the request or the independent expert report contains false data or omits relevant information, or when the debtor has committed acts to defraud creditors in order to obtain the authorization; and

(b) the receiver proves that the entities who provided the financing, at the date of issuance, knew the aforementioned circumstances.

With reference to implementation financings, the relevant provisions are set out in article 101 paragraph 2 of the Italian Insolvency Code providing that such financings do not benefit from the super senior ranking, in case of the opening of a judicial liquidation (alternatively):

(a) when, based on an assessment to be made at the time of filing of the petition for the opening of the proceeding, the underlying plan turns out to be based on false data or on the omission of relevant information; or

(b) when the debtor has carried out acts of fraud towards its creditors and the receiver proves that the lenders providing the financings were aware of such circumstances at the time of the establishment of the financings.

Court-supervised composition for small debtors

The Italian Insolvency Code provides for a simplified court-supervised composition in case the debtor does not meet the dimensional requirements to access other restructuring tools.

Procedural steps and effects do essentially mimic those of the *concordato preventivo*, but it entails the involvement of the board for crisis settlement (*organismo di composizione della crisi*), which assists the debtor in preparing the paperwork and filing the petition, and performs the activities and duties which, in a *concordato preventivo* are prerogatives of the judicial commissioner.

Judicial liquidation (liquidazione giudiziale)

The judicial liquidation (*liquidazione giudiziale*) is a court-supervised procedure for the liquidation of an insolvent debtor's assets and for the distribution of the related proceeds. It results in the company's liquidation. Insolvency, as defined under article 2 of the Italian Insolvency Code, also evidenced by defaults and/or external elements, occurs when a debtor is no longer able to regularly meet its obligations as they come due.

The judicial liquidation is declared by the competent court and is applicable only to commercial debtors (*imprenditore commerciale*) if any of the following thresholds are met: the debtor (i) has had assets (*attivo patrimoniale*) in an aggregate amount exceeding €0.3 million for each of the three preceding fiscal years; (ii) has had gross revenues (*ricavi lordi*) in an aggregate amount exceeding €0.2 million for each of the three preceding fiscal years; and (iii) has total indebtedness (including debts not yet due) in excess of €0.5 million. Pursuant to article 37 of the Italian Insolvency Code, the request to commence the judicial liquidation of the debtor's assets can be filed by (i) the debtor itself, (ii) the administrative bodies and authorities that have control and supervisory functions over the debtor, (iii) by one or more of the debtor's creditors and (iv) in certain cases, by the public prosecutor.

Upon the commencement of judicial liquidation proceedings, amongst other things:

- subject to certain exceptions, all actions of creditors are stayed and creditors must file claims within a defined period. In particular, under certain circumstances, secured creditors may enforce against the secured property as soon as their claims are admitted as secured claims. Secured claims are paid out of the proceeds of the secured assets, together with interest and expenses. Any outstanding balance will be considered unsecured and rank *pari passu* with all of the debtor's other unsecured debt. The secured creditor may sell the secured asset only after it has obtained authorization from the deputy judge (*giudice delegato*). After hearing the judicial receiver and the creditors' committee, the deputy judge decides whether to authorize the sale, and sets forth the timing in its decision;

- under certain circumstances secured creditors may execute against the secured property as soon as their claims are admitted as preferred claims. Secured claims are paid out of the proceeds of liquidation of the secured assets, together with the applicable interest and subject to any relevant expenses. In case the sale price is not high enough to determine a full satisfaction of their credits, any outstanding balance will be considered unsecured and rank *pari passu* with all of the debtor's other unsecured debt. Secured creditors may sell the secured asset only with the court authorization. After hearing the judicial receiver (*curatore*) and the creditors' committee, the court decides whether to authorize the sale, and sets forth the relevant timing in his or her decision;

- the payments of all debts and liabilities of the debtor and all the acts, transactions, payments made or received by the insolvent debtor are immediately suspended and formalities with third parties that have been carried out after the declaration of insolvency are not effective as regards the creditors of the debtor (article 145 of Italian Insolvency Code);

- the debtor is dispossessed, and the administration of the debtor and the management of its assets are transferred to the judicial receiver (*curatore*). The debtor may no longer validly act in court as claimant or defendant in relation to the assets (article 143 of the Italian Insolvency Code). The judicial receiver is vested with such powers upon the authorization of the deputy judge. However, all pending proceedings in which the debtor is involved are automatically stayed from the date the adjudication is issued and need to be re-initiated by or against the judicial receiver;

- the beginning of the judicial liquidation involves the cessation of all the activities of the company with a view to a sale of all assets. However, continuation of business may be authorized by the court if the continuation of the company's business does not cause damage to creditors. If the competent court authorizes the continuation of the business (*esercizio provvisorio dell'impresa*), the management of the business is entrusted to the judicial receiver (who may in turn avail himself of qualified third parties for this purpose);

- certain payments made, security interests given or transactions entered into by the debtor in a certain period before the debtor's submission to a judicial liquidation procedure (varying from six months to two years) can be set aside and clawed back if certain conditions are met (provided for pursuant to articles 163, 164, 165 and 166 of the Italian Insolvency Code);

- any act (including payments, pledges, and issuance of guarantees) made by the debtor after (and in certain cases even before for a limited period of time) the commencement of the proceedings, other than those made through the receiver, become ineffective against creditors; and

- the execution of certain contracts and/or transactions pending as of the date of the insolvency declaration is suspended until the receiver decides whether to take them over. Although the general rule is that the judicial receiver is allowed to either continue or terminate contracts where some or all of the obligations have not

been performed by both parties, certain contracts are subject to specific rules expressly provided for the Italian Insolvency Code.

In order to overcome the uncertainty that may predictably arise, the contractual counterparty may file a written petition requiring the court to give the judicial receiver (*curatore*) a deadline of no more than 60 days; within such deadline, the receiver must decide to enter into the agreement or withdraw from it. Upon expiration of the deadline without the judicial receiver having replied to the counterparty's request, the pending agreement is deemed terminated. Although the general rule is that the judicial receiver is allowed to terminate contracts where some or all of the obligations have not been performed, certain contracts are subject to specific rules expressly provided for by the Italian Insolvency Code.

Judicial liquidation proceedings are carried out and supervised by a court-appointed judicial receiver, a deputy judge (*giudice delegato*) and a creditors' committee (*comitato dei creditori*), which can, *inter alia*, propose amendments to the liquidation program proposed by the receiver. The judicial receiver is not a representative of the creditors, and is responsible for the liquidation of the assets of the debtor to the satisfaction of creditors. The proceeds from the liquidation are distributed in accordance with statutory priority rights. The liquidation of a debtor can take a considerable amount of time, particularly in cases where the debtor's assets include real estate property.

Furthermore, the parties of a judicial liquidation proceeding as well as any interested party, may file an appeal (*reclamo*) to the decree closing the judicial liquidation proceeding within 10 days after having been notified of the same.

Composition with creditors in judicial liquidation (*concordato nella liquidazione giudiziale*). Pursuant to article 240 of the Italian Insolvency Code, judicial liquidation proceedings can terminate prior to the actual judicial liquidation (*liquidazione giudiziale*) of the debtor, through a proposal for a composition with creditors in judicial liquidation. By way of preliminary note, such agreement occurring in the context of a judicial liquidation proceeding (i) replaced the former proceeding defined as "*concordato fallimentare*", a composition with creditors agreement occurring in the context of a bankruptcy proceeding (*fallimento*) formerly provided for under article 124, paragraph 1 of the Italian Bankruptcy Law and (ii) should be kept distinct from the *concordato preventivo*, which is an independent insolvency proceeding. This particular composition with creditor agreement arrangement benefits in a certain way both the debtor as well as the creditors, in fact while the former is released of the debts falling into the relevant plan also regaining free disposal of his assets, the latter is satisfied faster and to a greater extent than they would have been with the full completion of the judicial liquidation process pertaining to the debtor's assets.

The creditor, a third party or the debtor himself formulates a proposal having as its object a "plan" to satisfy creditors, including preferential creditors, in full or in part. In case the *concordato nella liquidazione giudiziale* is proposed by the debtor, such proposal, *inter alia,* (i) shall be filed after 1 year from the opening of the judicial liquidation proceeding and (ii) shall provide for the contribution by the debtor of resources that increase the value of the debtor's assets by at least 10%.

Such proposal shall be submitted to the competent judge, shall then be approved by the creditors and finally by the court. In case the court's decree sanctioning the *concordato nella liquidazione giudiziale* becomes final (*definitivo*), the court declares the judicial liquidation to be closed and terminated, initiating the enactment phase of the *concordato nella liquidazione giudiziale*. In the context of a *concordato nella liquidazione giudiziale,* the competent court supervises both the proposal and execution phases while the judicial receiver (*curatore*), once the liquidation is closed, loses his management functions and retains only supervisory duties over the fulfillment of the terms and the conditions of the arrangement obligations arising from or in connection with the aforementioned *concordato nella liquidazione giudiziale*.

Pursuant to article 240, paragraph 2 of the Italian Insolvency Code, the proposal may provide for:

(a) the division of creditors into classes, according to homogeneous legal position and economic interests.

(b) Under the relevant provision, such division is not mandatory but discretionary, provided two criteria for the class identification: (a) legal position, i.e., the nature of the claim, *e.g.*, unsecured or preferential and (b) the homogeneous economic interests. In this respect, the Italian Insolvency Code requires for the criteria and rationale for the division into classes to be expressly stated in order to avoid the distorted use of class formation, put in place for the sole purpose of obtaining the approval of the abovementioned proposal;

(c) differential treatment between creditors belonging to different classes, indicating the reasons of such differences;

(d) the restructuring of the financial indebtedness of the debtor as well as the satisfaction of claims in any form possible, by way of example:

   (i) by assignment of assets;

   (ii) by assumption (*accollo*);

   (iii) by means of other extraordinary transactions, including the assignment to creditors (as well as to companies in which they have an interest), of shares, quotas or bonds, including those convertible into shares or other financial instruments and debt securities.

It should be noted that a special feature of the *concordato nella liquidazione giudiziale* is the option to provide that secured creditors may not be satisfied in full. However, it is necessary for the plan to provide for their satisfaction to a non-lesser extent than that the one which can be realized, by reason of preferential placement, from the relevant proceeds in the event of a judicial liquidation, having regard to the liquidation value attributable to the assets or rights over which the cause of pre-emption exists.

The *concordato nella liquidazione giudiziale* proposal must be approved by the creditors' committee and the creditors holding the simple majority (by value) of claims (and, if classes are formed, by a majority (by value) of the claims in the majority of the classes). However, in the event of dissent by more than one creditor's class, a cram-down may occur (*i.e.* in case the court decides to sanction (*omologare*) the *concordato* - despite a creditor belonging to a dissenting class contests the appropriateness of the proposal) if it finds that the claims can be satisfied by the *concordato* to a non-lesser extent than the practicable alternatives. Final court confirmation and sanctioning (*omologazione*) is also required.

Finally, *once* approved and sanctioned (*omologato*) by the court the *concordato nella liquidazione giudiziale* is mandatory:

(a) for all existing creditors prior to the opening of the judicial liquidation proceeding; and

(b) for creditors who have not applied for the admission to the judicial liquidation estate, to whom the guarantees or the security interests given in the *concordato nella liquidazione giudiziale* by third parties do not extend.

With the termination of the judicial liquidation - as a consequence of the sanctioning decree (*decreto di omologa*), which pursuant to article 247 of the Italian Insolvency Code may be challenged and appealed within 30 days from its notification - the debtor returns "*in bonis*" and enjoys the renewed availability of its assets.

Statutory priorities. The statutory priority assigned to creditors under the Italian Insolvency Code may be different from the priorities in the U.S., the UK and certain other EU jurisdictions. The proceeds of liquidation shall be allocated according to the following order: (i) for payments of super-senior ("*prededucibili*") claims (i.e., claims originated in the insolvency proceeding, such as costs related to the procedure) as better identified in article 6 of the Italian Insolvency Code; (ii) for payment of claims which are privileged ("*privilegiati"*), such as claims of secured creditors or for payments of claims secured by mortgages ("*creditori ipotecari*") and/or pledges ("*creditori prignoratizi*"); and (iii) for the payment of unsecured ("*chirografari*") creditors' claims. Under Italian law, the highest priority claims (after the costs of the proceedings are paid) are the claims of preferential creditors, including, inter alia, a claim whose priority is legally acquired (i.e., repayment of rescue or interim financing) the claims for employee wages and professional fees and other privileged claims (i.e. having a specific title of preference in payment provided for by law) including claims of the Tax Authorities/Social Security Authorities, and. Under Italian law, the proceeds from the sale of the debtor's estate are distributed according to legal rules of priority. Neither the debtor nor the court can deviate from these priority rules by proposing their own priorities of claims or by subordinating one claim to another based on equitable subordination principles (as a consequence it must be noted that priority of payments such as those commonly provided in intercreditor contractual arrangements may not be enforceable against an Italian judicial liquidation estate to the extent they are inconsistent with the priorities provided by law). The law creates a hierarchy of claims that must be adhered to when distributing the proceeds derived from the sale of the entire debtor's estate or part thereof, or from a single asset.

In particular, pursuant to article 6 of the Italian Insolvency Code, in addition to claims expressly qualified as "*prededucibili*" under Italian law, among others, the following claims are "*prededucibili*":

(a) claims relating to expenses and fees for services rendered in the exercise of its functions by the business crisis settlement body;

(b) professional claims arising from or in connection with the filing for the sanctioning (*omologazione*) of a restructuring plan subject to homologation, the debt restructuring agreements and for the application for protective measures, to the extent of 75% of the assessed claim and provided that the abovementioned plan or agreements are approved and sanctioned (*omologati*);

(c) professional claims arising from or in connection with the filing of for a composition with creditors procedure as well as the filing of the related proposal and the plan accompanying it, within the limits of 75% of the ascertained claims and provided that the proceedings are opened pursuant to article 47 of the Italian Insolvency Code; and

(d) claims legally arisen in connection with insolvency proceedings, or after the filing of a petition for the access to a restructuring tools frameworks (*strumenti di regolazione della crisi e dell'insolvenza*) for the management of the debtor's assets and the continuation of the business of the company as well as arising from the professional services required by the related bodies or by the debtor for the successful implementation of a restructuring tools.

Avoidance powers in insolvency. A fundamental principle of the Italian Insolvency Code is the equal treatment of all creditors ("*par condicio creditorum*"), according to which, absent statutory priorities or security right, no creditor may be paid a higher percentage of his claim than other creditors. A consequence of this principle is not only that the payment of debts by the judicial receiver is strictly regulated, but also that all transactions effected by the debtor over the previous year (or, in certain cases, over the previous six months) are scrutinized and potentially unwound as preferential.

Similar to other jurisdictions, there are so-called "claw-back" or avoidance provisions under Italian law that may give rise, inter alia, to the revocation of payments or to the granting of security interests made by the debtor prior to the declaration of insolvency. The key avoidance provisions include, but are not limited to, transactions made below market value, preferential transactions and transactions made with a view to defraud creditors. Claw-back rules under Italian law are normally considered to be particularly favorable to the receiver in judicial liquidation compared to the rules applicable in other jurisdictions.

In insolvency proceedings, depending on the circumstances, the Italian Insolvency Code provides for a claw-back period of up to two years (six months in certain circumstances) and a two-year ineffectiveness period for certain other transactions. In the context of extraordinary administration procedures (as described below), the claw-back period may last up to three or five years in certain circumstances. The Italian Insolvency Code distinguishes between acts or transactions which are ineffective by operation of law and acts or transactions which are voidable at the request of the judicial receiver/court commissioner, as detailed below.

Acts ineffective by operation of law. Under (i) article 163 of the Italian Insolvency Code, subject to certain limited exception, all transactions entered into for no consideration are ineffective *vis-à-vis* creditors if entered into by the debtor after the filing to the relevant court followed by the opening of the judicial liquidation procedure or within the two years preceding the opening of such insolvency proceeding. Any asset subject to a transaction which is ineffective pursuant to article 163 of the Italian Insolvency Code becomes part of the liquidation estate by operation of law upon registration (*trascrizione*) of the court's decision opening the insolvency proceeding, without needing to wait for the ineffectiveness of the transaction to be sanctioned by a court. Any interested person may challenge the registration before the deputy judge as a violation of law, and (ii) under article 164 of the Italian Insolvency Code, (A) payments of receivables falling due on the day of the judicial declaration of opening of the judicial liquidation or later, if they were executed by the debtor after the filing of the application followed by the opening of the liquidation proceeding or in the prior two-year period; and (B) payments made by the debtor with respect to any intercompany loan within one year prior to a judicial liquidation declaration (or after the filing of the application followed by the opening of the liquidation proceeding), are ineffective vis-à-vis creditors.

Acts that may be avoided at the request of the judicial receiver/court commissioner. The following acts and transactions, if done or made during the period specified below, may be clawed back (*revocati*) *vis-à-vis* the debtor as provided for by article 166 of the Italian Insolvency Code and be declared ineffective, unless the non-insolvent party proves that it had no actual or constructive knowledge of the debtor's insolvency at the time the transaction was entered into:

(a) onerous transactions carried out after the filing followed by the opening of the judicial liquidation proceeding or in the previous year, where the value of the debt or the obligations undertaken by the debtor exceeds 25% of the value of the consideration received by and/or promised to the debtor;

(b) payments of debts, due and payable, made by the debtor which were not paid in cash or by other customary means of payment which were carried out after the filing followed by the opening of the judicial liquidation proceeding or in the previous year;

(c) pledges and mortgages granted by the debtor after the filing followed by the opening of the judicial liquidation proceeding or in the year prior, in order to secure pre-existing debts which were not yet due at the time the new security was granted; and

(d) pledges and mortgages granted by the debtor after the filing followed by the opening of the judicial liquidation proceeding or in the six months prior in order to secure pre-existing debts which had already fallen due at the time the new security was granted.

Furthermore, payments of debts that are immediately due and payable and any onerous transactions and/or granting of priority rights/security interests for debts simultaneously created (event those of third parties) may be clawed back (*revocati*) and declared ineffective, if the judicial receiver proves that the other party knew of the debtor's state of insolvency and if made by the debtor after the filing of the petition followed by the opening of the judicial liquidation or during the prior six months. The following transactions are exempt from claw-back actions:

(a) payments for goods or services made in the ordinary course of business according to market practice;

(b) a remittance on a bank account; provided that it does not materially and permanently reduce the entity's debt towards the bank;

(c) the sale, including an agreement for sale registered pursuant to article 2645-bis of the Italian Civil Code, in force as the date of this Offering Memorandum, made for a fair value and concerning a residential property that is intended as the main residence of the purchaser or the purchaser's family (within three degrees of kinship) or a non-residential property that is intended as the main seat of the enterprise of the purchaser; provided that, as at the date of the insolvency declaration, the activity is actually exercised therein or the investments for the commencement of such activity have been carried out therein;

(d) transactions entered into, payments made or guarantees granted with respect to the debtor's goods, provided that they concern the implementation of a *piano attestato di risanamento* (see "Out-of-court reorganization plans" (*piani attestati di risanamento*) pursuant to articles 56 or 284 of the Italian Insolvency Code above). The exemption – which also operates for ordinary claw-back – does not apply in case of wilful misconduct (*dolo*) or gross negligence (*colpa grave*) by the third-party expert (*attestatore*) or by the debtor, provided that the creditor was aware of it at the moment when the relevant transaction, payment or guarantee was implemented. Such exemption operates also with respect to the ordinary claw-back action provided for by the Italian Civil Code;

(e) a transaction entered into, payment made or guarantee or security interests granted in the context of a court supervised composition with creditors (*concordato preventivo*), of a simplified composition with creditors proceeding (*concordato semplificato per la liquidazione del patrimonio*), of a restructuring plan subject to homologation (*piano di ristrutturazione soggetto ad omologazione*) provided for pursuant to article 64-bis of the Italian Insolvency Code or of sanctioned debt restructuring agreements (*accordi di ristrutturazione dei debiti omologati*) and/or transactions entered into, payments made and security interests legitimately granted by the debtor after the filing of the application for a composition with creditors or a debt-restructuring agreements (see above). Such exemption operates also with respect to the ordinary claw-back action provided for by the Italian Civil Code;

(f) remuneration payments to the entity's employees and consultants concerning work carried out by them; and

(g) payments of a debt that is immediately due, payable and made on the due date, with respect to services necessary for access to a pre-judicial liquidation restructuring framework (*"strumenti di regolazione della crisi e dell'insolvenza della società*") or to other insolvency procedures provided for pursuant to the Italian Insolvency Code.

Pursuant to article 170 of the Italian Insolvency Code, the limitation period for initiating claw-back action proceedings is three years from the opening of the judicial liquidation procedure or, if earlier, five years from the act or transaction to be clawed back. In case judicial liquidation is commenced after the filing of a petition to be admitted to any insolvency proceedings (including pursuant to article 44 of the Italian Insolvency Code), according to article 170, paragraph 2 of the Italian Insolvency Code, the suspect period is calculated backward from the date in which such petition is filed. In addition, in certain cases, the judicial receiver can request that certain transactions of the debtor be declared ineffective within the ordinary claw-back period of five years (*revocatoria ordinaria*) provided for by the Italian Civil Code. In this respect, under article 2901 of the Italian Civil Code, a creditor may demand that transactions whereby the entity disposed of its assets prejudicially to such creditor's rights be declared ineffective with respect to such creditor, provided that the debtor was aware of such prejudice (or, if the transaction was entered into prior to the date on which the claim was originated, that such transaction was fraudulently entered into by the debtor for the purpose of prejudicing the creditors) and that, in the case of a transaction entered into for consideration with a third person, the third person was aware of such prejudice (and, if the transaction was entered into prior to the date on which the claim was originated, such third person participated in the fraudulent design). The burden of proof is entirely with the receiver.

The Italian Insolvency Code provides special regimes on preferences and avoidances of intra-group transactions. Under article 290 of the Italian Insolvency Code the hardening periods for intra-group claw-back actions (i.e. referring to acts and transactions entered into by companies belonging to the same group) is extended (a) in the hypothesis of article 166, paragraph 1, of the Italian Insolvency Code (respectively up to two years for transactions sub lett. (a) and (b) and up to one year for transaction sub lett. (c) and (d) of the same article) and (b) to five years from the filing for judicial liquidation declaration in case of transactions having the effect to transfer resources in favour of another entity of the group to the detriment of the creditors.

Law 132/2015 also introduced new article 2929-bis to the Italian Civil Code, providing for a "simplified" claw-back action for the creditor with respect to certain types of transactions put in place by the debtor with the aim to subtract (registered) assets from the attachment by its creditors. In particular, the creditor can now start enforcement proceedings over the relevant assets without previously obtaining a Court decision clawing back/ nullifying the relevant (fraudulent) transaction, to the extent that such transaction had been carried out without consideration (e.g., gratuitous transfers, or creation of shield instruments such as trusts or the so called *fondo patrimoniale* or "family trust"). In case of gratuitous transfers, enforcement action can also be brought by the creditor against the third-party purchaser. Finally, as noted above, the Insolvency Regulation contains conflicts of law rules which replace the various national rules of private international law in relation to insolvency proceedings within the EU.

Adequate organizational, administrative and accounting corporate structures. One of the main novelties included in the Italian Insolvency Code concerns the definition of the organizational, administrative and accounting structures of a company which are deemed to be adequate under article 2086 of the Italian Civil Code, required by the applicable regulations for the purpose of timely detection of the state of crisis and the undertaking of suitable initiatives by the debtor. Article 3 of the Italian Insolvency Code requires the entrepreneur to adopt an appropriate organizational structure in accordance with article 2086 of the Italian Civil Code, for the purpose of timely detection of the crisis of the company as well as the timely undertaking of suitable initiatives to overcome the crisis and recover business continuity. However, neither the aforementioned article 3, in its current wording, nor article 2086 of the Italian Civil Code, as amended by the Italian Insolvency Code, contains a precise description of the parameters, conditions and characteristics that are deemed to be necessary/needed for the definition and especially for the identification of "adequate structures".

In this regard, article 3 of the Italian Insolvency Code precisely enunciates, on the one hand, the purposes to which the measures and structures must aim in order to be considered as adequate for the timely detection of the crisis and, on the other hand, the relevant warning signs in relation to the same. In this respect, it is stipulated that, for the purpose of the timely detection of the company's state of crisis, the measures and structures deemed to be adequate should make it possible to:

(a) detect any imbalances of an equity or economic-financial nature, related to the specific characteristics of the company as well as to the business activity carried out by the debtor;

(b) verify the non-sustainability of debts and the absence of prospects for business continuity for the next twelve months as well as the warning signs identified by article 3, paragraph 4 of the Italian Insolvency Code; and

(c) derive the information necessary to follow the detailed checklist and conduct the practical test for the reasonable pursuit of the debtor's financial recovery.

For the sake of completeness and as set out above, it should also be noted that article 3, paragraph 4 of the Italian Insolvency Code provides an exact indication of the warning signs, identified, inter alia, as follows:

(a) the existence of payroll debts overdue for at least 30 days equal to more than half of the total monthly payroll amount;

(b) the existence of receivables owed to suppliers that are at least 90 days past due in an amount greater than the amount of receivables that are not past due;

(c) the existence of exposures to banks and other financial intermediaries that have been past due for more than 60 days or have exceeded the limit of credit facilities obtained in any form for at least 60 days provided that they represent in the aggregate at least 5% of the total exposures; and

(d) the existence of one or more exposures to certain public institutions listed under article 25-*novies* of the Italian Insolvency Code.

Extraordinary administration for large insolvent companies (amministrazione straordinaria delle grandi imprese in stato di insolvenza) under the Decree 270

Decree 270 introduced a specific extraordinary administration proceeding for large industrial and commercial enterprises, otherwise known as the "*Prodi-bis*" Procedure. As a general rule (and save for certain specific and limited exceptions), to be eligible, companies must be insolvent although able to demonstrate serious recovery prospects, have employed at least 200 employees in the previous year preceding the commencement of the procedure, and have debts equal to at least two-thirds of the value of its assets as shown in its financial statements and two-thirds of its income deriving from sales and services during its last financial year. The procedure may be commenced by petition of the creditors, the debtor, a court or the public prosecutor. The same rules set forth for judicial liquidation proceedings with respect to existing contracts and creditors' claims largely apply to an extraordinary administration proceeding. Preferential payment is granted to those credits (even unsecured) accrued to allow the conduct of the company's business activity. Extraordinary administration procedures involve two main phases—a judicial phase and an administrative phase.

Judicial Phase. In the judicial phase, the court determines whether the company meets the admission criteria and whether it is insolvent. It then issues a decision to that effect and appoints up to three judicial receivers (*commissario giudiziale*) to investigate whether there are serious prospects for recovery via a business sale or reorganization. The judicial receiver submit(s) a report to the court (within 30 days) together with an opinion from the Italian Ministry of Business and of the Made in Italy (former Ministry of Economic Development, the "**Ministry**"). The court has 30 days to decide whether to admit the company to the procedure or place it into judicial liquidation.

Administrative Phase. If the company is admitted to the extraordinary administration procedure, the administrative phase begins and the extraordinary commissioner(s) appointed by the Ministry prepare a restructuring plan. The plan can provide either for the sale of the business as a going concern within one year (unless extended by the Ministry) (the "**Disposal Plan**") or a reorganization leading to the company's economic and financial recovery within two years (unless extended by the Ministry) (the "**Recovery Plan**"). It may also include a composition with creditors (*concordato*). The plan must be approved by the Ministry within 30 days from submission by the extraordinary commissioner(s). In addition, the extraordinary commissioner draws up a report every six months on the financial condition and interim management of the company and sends it to the Ministry.

Once the extraordinary administration procedure has been approved, the principal effects are as follows:

(a) the company continues to carry out its business and debts incurred during the extraordinary administration are treated as priority claims which rank ahead of the claims of creditors whose rights accrued prior to the commencement of the extraordinary administration procedure and may be paid as they fall due;

(b) the extraordinary commissioner(s) is/are entitled to terminate pending contracts to which the company is a party.

Furthermore, in the context of the Prodi-bis Procedure a debt-restructuring plan is approved exclusively by the Ministry but is not subject to any vote by creditors.

The procedure ends upon successful completion of either a Disposal Plan or a Recovery Plan; however, should either plan fail, the company will be declared insolvent.

Industrial restructuring of large insolvent companies (ristrutturazione industriale di grandi imprese in stato di insolvenza) under the Decree 347

Introduced in 2003 pursuant to Law Decree No. 347 of December 23, 2003, as converted into Italian Law No. 39 of 2004 and subsequently amended, this procedure is also known as the "*Marzano procedure*". It is complementary to the Prodi-bis procedure and, except as otherwise provided, the same provisions apply. The Marzano procedure is intended to work faster than the *Prodi-bis* procedure. For example, although a company must be insolvent, application to the Ministry can be made before the court commences the administrative phase.

The Marzano procedure only applies to large insolvent companies which, on a consolidated basis, have at least 500 employees in the year before the procedure commences and at least €300 million of debt (including those from outstanding guarantees). Under Decree 347, as a general rule (and save for certain specific provisions applicable, as the case may be, to companies operating in the field of essential public services or operating at least one industrial plant of national strategic interest and/or having among their direct or indirect shareholders a public entity) decision whether to open a Marzano procedure is taken by the Ministry following the debtor's request (who must also file an application for the declaration of insolvency). The Ministry assesses whether the relevant requirements are met and then appoints the extraordinary commissioner(s) who will manage the company. The court also decides on the company's insolvency.

The extraordinary commissioner(s) has/have 180 days (or 270 days if the Ministry so agrees) to submit a Disposal Plan or Recovery Plan. The restructuring through the Disposal Plan or the Recovery Plan must be completed within, respectively, one year (extendable to two years) and two years. If no Disposal or Recovery Plan is approved by the Ministry, the court will declare the company insolvent and open judicial liquidation proceedings.

A restructuring plan proposed in the context of proceedings subject to Decree 347 may include a composition plan, with the possibility to divide creditors into classes, with different treatment applicable to creditors belonging to different classes and with proposals for a write-off of any obligations owed by the debtor and/or a conversion of debt securities (such as the Securities) into shares of the debtor company or any of its group companies. Decree 347 provides that a composition plan is approved by creditors according to the same majority voting rules as those which apply in the context of proceedings for composition with creditors. If the restructuring plan is not approved by the Minister of Economic Development (now Minister of Business and of the Made in Italy), the extraordinary commissioner(s) may propose a plan for the disposal of the assets. If the asset disposal program is not approved, the company is to be placed into liquidation.

As a general consideration, please note that, pursuant to the claw-back rules applicable to extraordinary administration (i) the hardening period would be calculated with reference to the date of insolvency declaration; and (ii) as far as intercompany transactions only are concerned, longer hardening periods (i.e., 5 years or 3 years, depending on the kind of transactions) would be applicable.

Ministry so agrees to submit a Disposal Plan or Recovery Plan. The restructuring through the Disposal Plan or the Recovery Plan must be completed within, respectively, one year (extendable to two years) and two years. If no Disposal or Recovery Plan is approved by the Ministry, the court will declare the company insolvent and open judicial liquidation proceedings.

Law Decree No. 4/2024 (as converted into Law no. 28/2024) amended article 2, para. 2 of the Decree 347 providing that in the cases of companies directly or indirectly owned by state public administrations (excluding those issuing shares listed on regulated stock exchanges) admission to the Marzano procedure of companies operating one or more industrial plants having a national strategic relevance may occur upon request of shareholders holding, individually or jointly, at least 30 per cent of the company's shares, provided that the shareholders have communicated to the managing body of the company that the requirements for the admission to the procedure are met and the managing body of the company has either failed to submit the application for the admission to the procedure within the subsequent 15 days or within the same 15 days' term refused to file the petition at hand. From the date of submission of the request by the shareholders, and until the closure of the Marzano procedure or until the Court's decision declaring the absence of the requirements for the opening of the procedure becomes final, the company cannot file the petition for the commencement of the *composizione negoziata per la soluzione della crisi di impresa* nor pursue any restructuring proceedings provided for by the Insolvency Code. If on the date of submission of the application for admission to the extraordinary administration procedure the petition for the appointment of the expert provided for the *composizione negoziata per la soluzione della crisi di impresa* is filed, the application is dismissed.

Compulsory administrative liquidation (liquidazione coatta amministrativa)

A compulsory administrative liquidation (*liquidazione coatta amministrativa*), provided for pursuant to article 293 et seq. of the Italian Insolvency Code, is only available for public interest entities such as state-controlled companies, insurance companies, credit institutions and other financial institutions, none of which can be wound up pursuant to judicial liquidation proceedings, save for a different indication under Italian law. It is irrelevant whether these companies belong to the public or the private sector. A compulsory administrative liquidation is special insolvency proceedings in that the entity is liquidated not by the court but by the relevant administrative authority that oversees the industry in which the entity is active. The procedure may be triggered not only by the insolvency of the relevant entity, but also by other grounds expressly provided for by the relevant legal provisions (*e.g.*, in respect of Italian banks, serious irregularities concerning the management of the bank or serious violations of the applicable legal, administrative or statutory provisions).

The effect of this procedure is that the entity loses control over its assets and a liquidator (*commissario liquidatore*) is appointed to wind up the company by the relevant governmental authority (e.g., the Bank of Italy or the Ministry, which are competent for the filing of an application for a declaration of insolvency with the subsequent opening of the compulsory administrative liquidation proceeding). The liquidator's actions are monitored by a steering committee (*comitato di sorveglianza*). The powers assigned to the deputy judge and the court under the other insolvency proceedings are assumed by the relevant administrative authority under this procedure. The effect of the forced administrative liquidation on creditors is largely the same as under insolvency proceedings and includes, for example, a ban on enforcement measures. The same rules set forth for insolvency proceedings with respect to existing contracts and creditors' claims largely apply to a compulsory administrative liquidation.

Common rules for pre-judicial liquidation restructuring frameworks (strumenti di regolazione della crisi e dell'insolvenza della società)

In order to facilitate access and filing of restructuring procedures by the Italian companies, articles 120-*bis* and ff. of the Italian Insolvency Code have been enacted, introducing a set of rules applicable to all pre-judicial liquidation restructuring tools (*strumenti di regolazione della crisi e dell'insolvenza*). Among other things, pursuant to article 120-*bis*, paragraph 2 of the Italian Insolvency Code and the purposes of a successful restructuring, the plan may provide for "*any modification of the articles of association of the debtor company, including capital increases and reductions, including with limitation or exclusion of the option right and other modifications that directly affect the shareholders' participation rights, as well as for mergers, demergers and transformations*". Shareholders, who may no longer have an interest in the company, are prevented from hindering the restructuring or even one of its stages. For this reason, pursuant to article 120-*bis*, paragraphs 3 and 4 of the Italian Insolvency Code, the shareholders, while retaining a right to information in relation to both the initiation and the progress of the restructuring process, may not remove the directors without just cause, as is the case for the statutory auditors of joint stock companies, also in light of the fact that under the provisions of the Italian Insolvency Code it is not considered as being just cause for directors' removal, the filing for access to the pre-judicial liquidation restructuring tools (*strumenti di regolazione della crisi e dell'insolvenza*) when the related legal conditions and requirements are met. However, pursuant to article 120-*bis,* paragraph 5, shareholders representing at least 10% of the filing company's corporate capital may make a competing proposal.

The plan may provide for the formation of one class of shareholders or several classes if there are shareholders to whom different rights are granted by the by-laws, including as a result of the changes provided for in the plan. The formation of classes is, however, mandatory if the plan provides for changes that directly affect the shareholders' participation rights and, in any case, for large companies and companies with widespread capital. In this context, special conditions for sanctioning of the arrangement are set out pursuant to article 120-*quater* of the Italian Insolvency Code when and if the plan provides for shareholder attributions. Specific rules are then provided to ensure that creditors' interests are protected in all cases in which the restructuring tool envisages shareholders to retain a participation in the company with a certain value, which is determined in accordance with the applicable accounting principles for determining the value in use, based on the present value of future cash flows using the data resulting from the underlying restructuring plan and applying the projections for subsequent years.

Article 120-*quinquies* of the Italian Insolvency Code, regulates the execution phase of such measure. In order to avoid any obstructive attitude of the shareholders towards the approval of the restructuring tool, this provision expressly excludes the necessity for their approval and/or resolution on the implementation of such restructuring tool, by generally attributing the relevant powers to the directors or more specifically to the competent court, in relation to any amendment to the debtor's by-laws which - being specifically provided for by the plan - do not require any discretionary resolution. Finally, it is stipulated that changes in the corporate structure resulting from

the implementation of a pre-judicial liquidation restructuring tools (*strumenti di regolazione della crisi e dell'insolvenza*) shall not be considered as and constitute cause for the termination or amendment of any agreement entered into by the debtor with third parties.

Articles 284 et seq. of the Italian Insolvency Code contain specific rules regarding (i) the access of a group to one of the pre-judicial liquidation restructuring tools (*strumenti di regolazione della crisi e dell'insolvenza*) aiming at unifying – to the extent possible – the relevant proceedings; (ii) liability lawsuits available to the receiver; and (iii) subordination of claims.

Hardening period/clawback and fraudulent transfer

In a judicial liquidation proceeding, the Italian Insolvency Code provides for a claw-back period of up to two years (six-months in certain circumstances). In addition, in certain cases, the judicial receiver can request that certain transactions of the debtor are declared ineffective within the Italian Civil Code ordinary claw-back period of five years (*revocatoria ordinaria*).

Under Italian law, in the event that the relevant guarantor and/or security provider enters into insolvency proceedings, the security interests created under the documents entered into to secure the Collateral and any future security interests or guarantees could be subject to potential challenges by an insolvency administrator or by other creditors of such guarantor and/or security provider under the rules of avoidance or claw-back of (*revocatoria*) provided for pursuant to the Italian Insolvency Code and the relevant law on the non-insolvency avoidance or claw-back of transactions by the debtor made during a certain legally specified suspect period. The avoidance may relate to (i) transactions made by the debtor within the suspect period of one year prior to the opening of the judicial liquidation proceeding or occurred after the filing for the opening of the judicial liquidation, at below market value (*i.e.*, to the extent the asset or obligation given or undertaken exceeds by one quarter the value of the consideration received by the debtor), or involving unusual means of payment (*e.g.*, payment in kind) or new security granted with respect to pre-existing debts not yet due at the time the security is entered into after the creation of the secured obligations, unless the non-insolvent creditor proves that it had no knowledge of the debtor's insolvency at the time the transaction was entered into, (ii) security granted during the suspect period of one year prior to the opening of the judicial liquidation proceeding or occurred after the filing for the opening of the judicial liquidation with respect to pre-existing debts due and payable, unless the non-insolvent creditor proves that it had no knowledge of the debtor's insolvency at the time the transaction was entered into, and (iii) payments of due and payable obligations, transactions at arm's length or security taken simultaneously to the creation of the secured obligations during the suspect period of one year prior to the during the suspect period of one year prior to the opening of the judicial liquidation proceeding or occurred after the filing for the opening of the judicial liquidation receiver proves that the creditor was aware of the insolvency of the debtor. In case judicial liquidation is commenced after the filing of a petition to be admitted to any insolvency proceedings, according to article 170, paragraph 2 of the Italian Insolvency Code, the suspect period is calculated backward from the date in which such petition is filed. The transactions potentially subject to avoidance also include those contemplated by a Guarantor's Notes Guarantee or the granting of security interests under the Security Documents by a guarantor and/or security provider.

If they are challenged successfully, the rights granted under the guarantees or in connection with security interests under the relevant Security Documents may become unenforceable and any amounts received must be refunded to the insolvent estate. To the extent that the grant of any security interest or guarantee is voided, holders of the Notes could lose the benefit of the security interest or of the guarantee and may not be able to recover any amounts under the related Security Documents and/or the Notes Guarantees.

It should be noted that: (i) under article 163 of the Italian Insolvency Code, subject to certain limited exceptions, all transactions carried out by the debtor for no consideration are ineffective *vis-à-vis* creditors if entered into by the debtor after the filing to the relevant court followed by the opening of the judicial liquidation procedure or within the two years preceding the opening of such insolvency proceeding. Any asset subject to a transaction which is ineffective pursuant to article 163 of the Italian Insolvency Code becomes part of the liquidation estate by operation of law upon registration (*trascrizione*) of the court's decision opening the insolvency proceeding, without needing to wait for the ineffectiveness of the transaction to be sanctioned by a court. Any interested person may challenge the registration before the deputy judge as a violation of law, and (ii) under article 164 of the Italian Insolvency Code, (A) payments of receivables falling due on the day of the judicial declaration of opening of the judicial liquidation or later, if they were executed by the debtor after the filing of the application followed by the opening of the judicial liquidation proceedings insolvency declaration or in the prior two-year period; and (B) payments made by the debtor with respect to any intercompany loan within one year prior to a judicial

liquidation declaration (or after the filing of the application followed by the opening of the liquidation proceeding), are ineffective *vis-à-vis* creditors.

In addition, as noted above, the Insolvency Regulation contains conflicts of law rules which replace the various national rules of private international law in relation to insolvency proceedings within the European Union.

LISTING AND GENERAL INFORMATION

Admission to Trading and Listing

Application will be made for the Notes to be listed on the Official List of the LuxSE and admitted to trading on the Euro MTF Market, in accordance with the rules and regulations of such exchange.

Listing Information

For so long as the Notes are listed on the Official List of the LuxSE and are admitted to trading on the Euro MTF Market and the rules and regulations of the LuxSE so require, copies of the following documents may be inspected in physical / electronic form and obtained free of charge at the specified office of the Issuer during normal business hours on any weekday:

- this Offering Memorandum;
- the organizational documents of the Issuer and the Guarantors;
- the financial statements included in this Offering Memorandum;
- the security documents;
- the Indenture (including the Notes Guarantees); and
- the Intercreditor Agreement.

The Issuer has appointed The Bank of New York Mellon SA/NV, Dublin Branch, as Transfer Agent and Registrar and The Bank of New York Mellon, London Branch, as Paying Agent, to, as applicable, make payments on and transfers of the Notes. The Issuer reserves the right to vary such appointments in accordance with the terms of the Indenture.

Approval

The Issuer has obtained or will obtain before the closing of the Offering, all necessary consents, approvals and authorizations in the jurisdiction of its incorporation in connection with the issuance of and performance of its obligations under the Notes. The creation and issuance of the Notes will be authorized by the Issuer's Board of Directors dated prior to the closing of the Offering of the Notes.

Clearing Information

The Notes sold pursuant to Regulation S have been accepted for clearance through the facilities of Euroclear and Clearstream under Common Code 300519318 and international securities identification number ("**ISIN**") XS3005193183.

The Notes sold pursuant to Rule 144A have been accepted for clearance through the facilities of Euroclear and Clearstream under Common Code 300519261 and ISIN XS3005192615.

General Information on the Issuer

Rekeep S.p.A

The Issuer was formed as a private joint stock company (*società per azioni*) under the laws of the Republic of Italy on December 1, 2003 with a duration until December 31, 2050, subject to certain amendments being made to its by-laws to extend the period of its incorporation. It is registered under number 02402671206 and economic administrative register *(repertorio economico amministrativo)* number 436919 with the Commercial Registry of Bologna (*Registro delle Imprese di Bologna*) with registered address at Via Ubaldo Poli, 4, 40069 Zola Pedrosa, Italy. As of the date of this Offering Memorandum, the Issuer has a share capital of €109,149,600.00 divided into 109,149,600 ordinary shares with a par value of €1.00 each with equal voting and economic rights. The Issuer's LEI is 8156008737CA044FCB79.

The Issuer's purpose, under Article 4 of its deed of incorporation, is the undertaking, in any form, of contracts or concessions for the design and construction of works, the design and management of services, and the supply of

goods on behalf of public administrations as well as private individuals and entities, primarily related to the integrated management of services aimed at real estate or real estate assets, hospital and hospitality facilities of any kind, the so-called laundry and sterilization activities in support of healthcare activities, as well as the management of environmental services.

General Information on the Guarantors

Servizi Ospedalieri S.p.A.

Servizi Ospedalieri S.p.A. is a direct wholly-owned subsidiary of the Issuer organized as a joint stock company (*società per azioni con socio unico*) under the laws of the Republic of Italy. It is registered under number 00615530672 and economic administrative register *(repertorio economico amministrativo)* number 177037 with the Commercial Registry of Ferrara e Ravenna (*Registro delle Imprese di Ferra e Ravenna*) with registered address at Via Calvino, 33, 44122 Ferrara, Italy. Servizi Ospedalieri's incorporation will terminate on December 31, 2050, subject to certain amendments being made to its by-laws to extend the period of its incorporation. As of the date of this Offering Memorandum, Servizi Ospedalieri has a share capital of €20,000,000.00 divided into 4,000,000 ordinary shares with a par value of €5.00 each with equal voting and economic rights.

Servizi Ospedalieri's corporate purpose, under Article 3 of its deed of incorporation, is the undertaking, in any form, of contracts and concessions for the construction and management of works, the management of services, the supply of goods, and the management and maintenance of facilities on behalf of public administrations in Italy and/or abroad, as well as private individuals and entities.

Teckal S.r.l.

Teckal S.r.l. is an indirect wholly-owned subsidiary of the Issuer organized as a limited liability company (*società a responsabilità limitata*) under the laws of the Republic of Italy. It is registered under number 03722971201 and economic administrative register number 541509 with the Commercial Registry of Bologna with registered address at Via Ubaldo Poli, 4, 40069 Zola Pedrosa, Italy. Teckal's incorporation will terminate on December 31, 2070, subject to certain amendments being made to its by-laws to extend the period of its incorporation.

Teckal's corporate purpose, under Article 2 of its deed of incorporation, is the undertaking, in any form, of contracts, agreements, or concessions for the execution, directly and/or through participated companies and/or entities, including subcontracting, in Italy and abroad, of activities related to the design and construction of works, the design and management of services, the supply of goods, as well as the management of integrated auxiliary services (facility management) provided to private or public organizations for the management of real estate, real estate assets, road, rail, and air transport vehicles, as well as for the management of environmental services.

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Consolidated Interim Financial Statements

rekeep

Condensed consolidated financial statements and explanatory notes

Consolidated statement of financial position

(in thousands of Euro)	NOTES	30 September 2024	31 December 2023
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	4	123,632	117,543
Property, plant and equipment under lease	4	46,887	44,555
Goodwill	5-6	**406,550**	406,700
Other intangible assets	5	15,814	17,731
Investments accounted for under the equity method	7	11,375	11,758
Other investments	8	5,996	5,996
Non-current financial assets and other securities	8	8,088	6,929
Other non-current assets	8	3,885	4,607
Prepaid tax assets		17,110	16,472
TOTAL NON-CURRENT ASSETS		**639,337**	**632,291**
CURRENT ASSETS			
Inventories		13,294	13,373
Trade receivables and advances to suppliers	9	549,268	513,771
Current tax receivables		0	6,589
Other current assets	9	36,036	31,681
Current financial assets	11	5,665	15,545
Cash and cash equivalents	11	28,905	76,812
TOTAL CURRENT ASSETS		**633,168**	**657,771**
Non-current assets classified as held for sale		0	0
TOTAL NON-CURRENT ASSETS HELD FOR SALE		**0**	**0**
TOTAL ASSETS		**1,272,505**	**1,290,062**

(in thousands of Euro)	NOTES	30 September 2024	31 December 2023
SHAREHOLDERS' EQUITY			
Share capital		109,150	109,150
Reserves		6,692	7,769
Retained earnings		(60,467)	(48,212)
Profit (loss) attributable to equity holders of the Parent		(16,163)	(13,221)
EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT		**39,212**	**55,486**
Capital and reserves attributable to non-controlling interests		6,411	5,825
Profit (loss) attributable to non-controlling interests		708	690
EQUITY ATTRIBUTABLE TO NON-CONTROLLING INTERESTS		**7,119**	**6,515**
TOTAL EQUITY	**10**	**46,331**	**62,001**
NON-CURRENT LIABILITIES			
Employee termination indemnity	**12**	10,765	10,419
Provisions for risks and charges, non-current	**13**	29,231	31,692
Non-current loans	**11**	446,115	398,218
Deferred tax liabilities		14,747	14,619
Other non-current liabilities	**15**	36,687	85
TOTAL NON-CURRENT LIABILITIES		**537,545**	**455,033**
CURRENT LIABILITIES			
Provisions for risks and charges, current	**13**	21,217	22,707
Trade payables and contract liabilities	**16**	**414,200**	**422,958**
Current tax payables		979	142
Other current liabilities	**16**	127,161	172,095
Bank borrowings, including current portion of long-term debt, and other financial liabilities	**11**	125,072	155,126
TOTAL CURRENT LIABILITIES		**688,629**	**773,028**
Liabilities directly associated with assets held for sale		0	0
TOTAL LIABILITIES DIRECTLY ASSOCIATED WITH NON- CURRENT ASSETS HELD FOR SALE		0	**0**
TOTAL LIABILITIES		**1,272,505**	**1,290,062**

Consolidated statement of profit or loss

(in thousands of Euro)	NOTES	For the 9 months ended 30 September 2024	For the 9 months ended 30 September 2023
REVENUES			
Revenues from contracts with customers		891,591	867,004
Other revenues		4,413	3,193
TOTAL REVENUES		**896,004**	**870,197**
OPERATING COSTS			
Costs of raw materials and consumables		(187,046)	(178,935)
Change in inventories of finished and semi-finished products		291	(48)
Costs for services and use of third-party assets		(238,150)	(233,794)
Personnel costs		(379,187)	(360,684)
Other operating costs		(7,525)	(7,160)
Capitalization of lower internal construction costs		1,314	453
Amortization, depreciation, write-downs and write-backs of assets	**3-4-5**	(33,194)	(30,766)
Accrual of provisions for risks and charges	**13**	(1,743)	(11,248)
TOTAL OPERATING COSTS		**(845,240)**	**(822,182)**
OPERATING INCOME		**50,764**	**48,015**
FINANCIAL INCOME AND EXPENSES			
Share of net profit of associates	**7**	335	102
Dividends and income (loss) from sale of investments		255	312
Financial income		3,028	1,310
Financial charges		(59,203)	(39,630)
Profit (loss) on exchange rate		326	304
Profit (loss) before tax		**(4,495)**	**10,413**
Income taxes, current, prepaid and deferred		(10,960)	(9,998)
Net profit (loss) from continuing operations		**(15,455)**	**415**
Profit (loss) from discontinued operations		0	0
Profit (loss) for the period		**(15,455)**	**415**
Net profit (loss) for the period attributable to non- controlling interests		(708)	(745)
NET PROFIT (LOSS) FOR THE PERIOD ATTRIBUTABLE TO THE GROUP		**(16,163)**	**(330)**

	For the 9 months ended 30 September 2024	For the 9 months ended 30 September 2023
Basic earnings per share	(0.148)	(0.003)
Diluted earnings per share	(0.148)	(0.003)
Basic earnings per share from continuing operations	(0.148)	(0.003)
Diluted earnings per share from continuing operations	(0.148)	(0.003)

Consolidated statement of other comprehensive income

(in thousands of Euro)	NOTES	For the 9 months ended 30 September 2024	For the 9 months ended 30 September 2023
NET PROFIT (LOSS) FOR THE PERIOD		**(15,455)**	**415**
Other components of the comprehensive income, which will be subsequently reclassified under profit/loss for the year:			
Differences from translation of foreign financial statements		350	(1,205)
Share of other comprehensive income of entities accounted for using the equity method, which will be subsequently reclassified under profit/loss for the year	**7**	(410)	208
Other components of the comprehensive income for the period, which will be subsequently reclassified under profit/loss for the year		**(60)**	**(998)**
Other components of the comprehensive income, which will not be subsequently reclassified under profit/loss for the year:			
Actuarial gains (losses) on defined benefit plans	**12**	**(424)**	**(38)**
Income taxes		117	41
Net effect on actuarial gains (losses)		**(307)**	**3**
Share of other comprehensive income of entities accounted for using the equity method, which will not be subsequently reclassified under profit/loss for the year		0	7
Other components of the comprehensive income, which will not be subsequently reclassified under profit/loss for the year		**(307)**	**11**
TOTAL OTHER COMPREHENSIVE INCOME (LOSS), NET OF TAXES		**(367)**	**(987)**
COMPREHENSIVE INCOME (LOSS), NET OF TAXES		**(15,822)**	**(572)**
Equity holders of the Parent		(16,449)	(1,062)
Non-controlling interests		627	490

Consolidated statement of cash flows

(in thousands of Euro)	NOTES	For the 9 months ended 30 September 2024	For the 9 months ended 30 September 2023
Net result from continuing operations		**(15,455)**	**415**
Income taxes for the period		10,960	9,998
Profit before tax for the period		**(4,495)**	**10,413**
Amortization, depreciation, write-downs and (write-backs) of assets		33,194	30,766
Accrual (reversal) of provisions for risks and charges		1,743	11,248
Employee termination indemnity provision		1,201	1,240
Payments of employee termination indemnity		(1,279)	(1,332)
Utilization of provisions		(5,411)	(6,542)
Share of net profit of associates, net of dividends collected		(335)	(377)
Financial charges (income) for the period		55,570	37,850
Operating cash flows before movements in Working Capital		**80,188**	**83,266**
Decrease (increase) of inventories		79	(1,091)
Decrease (increase) of trade receivables and advances to suppliers		(36,155)	(5,715)
Decrease (increase) of other current assets		(3,768)	16,227
Increase (decrease) in trade payables		(8,363)	(74,134)
Increase (decrease) of other current liabilities		(10,671)	5,393
Change in Working Capital		**(58,878)**	**(59,320)**
Net interest received (paid) in the period		(34,772)	(40,295)
Income taxes paid in the period		(3,935)	(4,292)
Net cash flow from operating activities		**(17,397)**	**(20,642)**
(Purchase of intangible assets, net of sales)	**5**	(2,498)	(3,155)
(Purchase of property, plant and equipment)	**3-4**	(33,618)	(28,614)
Proceeds from sale of property, plant and equipment	**3-4**	3,845	1,980
Disposal (acquisition) of investments		164	(198)
Decrease (increase) of financial assets		10,421	2,812
Financial effects of business combinations		0	(1,975)
Net cash flow from (used in) investing activities		**(21,686)**	**(29,150)**
Lease payments	**11**	(3,617)	(2,768)
Medium- and long-term borrowings		12,000	60,000
Repayment of medium- and long-term borrowings	**11**	(36,314)	(12,120)
Net opening (repayment) of short-term bank credit lines	**11**	9,669	13,655
Other net changes in borrowings	**11**	8,989	(30,731)
Dividends distributed		(147)	(48)
(Purchase) /sale of subsidiaries' minority shareholdings		43	(801)

(in thousands of Euro)	NOTES	For the 9 months ended 30 September 2024	For the 9 months ended 30 September 2023
Differences arising from translation of financial statements in foreign currency		597	(1,201)
Net cash flow from / (used in) financing activities		**(8,778)**	**25,986**
Change in cash and cash equivalents		**(47,862)**	**(23,806)**
Cash and cash equivalents at the beginning of the period		76,812	84,243
Change in cash and cash equivalents		(47,862)	(23,806)
Translation differences on cash and cash equivalents		(45)	(4)
Cash and cash equivalents at the end of the period		**28,905**	**60,433**
Details of cash and cash equivalents:			
Cash and bank current accounts		28,905	60,433
TOTAL CASH AND CASH EQUIVALENTS		**28,905**	**60,433**

Supplementary information

(in thousands of Euro)	For the 9 months ended 30 September 2024	For the 9 months ended 30 September 2023
Interest paid	(37,797)	(41,.605)
Interest received	3,025	1,310
Dividends paid	(147)	(48)
Dividends received	156	157

Consolidated statement of changes in shareholders' equity

	Share Capital	Reserves	Retained Earnings	Net result of the period	Equity attributable to Equity holders of the Parent	Equity attributable to non-controlling interests	Total shareholders' equity
1 January 2024	**109,150**	**7,769**	**(48,212)**	**(13,221)**	**55,486**	**6,515**	**62,001**
Allocation of prior year results		(966)	(12,255)	13,221	**0**	0	**0**
Distribution of dividends					**0**	(147)	**(147)**
Currency appreciation due to hyperinflation		174			**174**	168	**342**
Acquisition/sale of minority interests in subsidiaries					**0**	(43)	**(43)**
Total comprehensive income (loss) for the period		(286)		(16,163)	**(16,449)**	627	**(15,822)**
30 September 2024	**109,150**	**6,691**	**(60,467)**	**(16,163)**	**39,211**	**7,120**	**46,331**

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

1. General information

The Interim Report on Operations of the Group controlled by Rekeep S.p.A. (“the Rekeep Group” or “the Group”) for the 9 months ended 30 September 2024 consists of the Interim Report on Operations and of the condensed Consolidated Interim Financial Statements, which were prepared in the application of IAS 34 – Interim Financial Reporting. The publication of the Rekeep Group’s Interim Report on Operations was authorized by a resolution passed by the Board of Directors’ meeting of 14 November 2024.

On 30 September 2024 the share capital of Parent Company Rekeep S.p.A. was wholly held by the sole shareholder MSC Società di Partecipazione tra Lavoratori S.p.A., which carries out Management and Coordination activities.

2. Accounting standards and basis of presentation

The condensed consolidated interim Financial Statements at 30 September 2024 comprise the Consolidated Statement of financial position, the Consolidated Statement of profit or loss, the Consolidated Statement of other comprehensive income, the Consolidated Statement of cash flows, the Consolidated Statement of changes in Shareholders’ Equity and the Condensed explanatory notes.

The balance sheet values recognized in the Statements and Condensed Explanatory Notes are compared to those relating to 31 December 2023 while the income statement values, included in the Consolidated Statement of Profit/(Loss) for the period, the Statement of other comprehensive income, and those reported in the Statement of Cash Flows, are compared to those relating to the first 9 months of 2023.

The Directors have deemed it appropriate to prepare the Consolidated Financial Statements at 30 September 2024 on a going concern basis, taking account of the actual results to date and the expected results for the current and subsequent financial periods, and after assessing the possible uncertainties regarding the Company's ability to continue as a going concern, mainly linked to the management of the Group’s financial debt, as described in paragraph 2.3 below, "Discretionary assessments, assumptions and significant accounting estimates”, including the financial risks described in note 18 and other market risks associated with the proceedings in progress described in note 13, and the actions that are currently in place to meet the substantial medium-term financial commitments.

The Consolidated Statement of Financial Position sets forth assets and liabilities distinguishing between current and non-current ones. The Consolidated Statement of profit or loss is classified by nature and the Statement of other comprehensive income sets forth the result for the period added with income and expenses that in accordance with IFRS are directly recognized in consolidated Equity. The Statement of Cash Flows has

been prepared on the basis of the indirect method and presented in accordance with IAS 7, distinguishing between cash flow from operating, investing and financing activities.
The condensed consolidated interim Financial Statements at 30 September 2024 have been presented in Euro, which is the Group's functional currency. All values showed in the statements and in the Explanatory Notes are in thousands of Euros, unless otherwise stated.

2.1. Statement of compliance with international accounting standards (IFRS)

The condensed consolidated interim Financial Statements at 30 September 2024 have been prepared in compliance with IAS 34 - *Interim Financial Reporting*. The condensed consolidated interim Financial Statements do not include all the information required for the complete annual financial statements prepared according to IAS 1, and must be read together with the Consolidated Financial Statements at 31 December 2023.

2.2. Changes in accounting standards and disclosures

The criteria adopted for the preparation of the condensed consolidated interim Financial Statements are consistent with those used to prepare the consolidated Financial Statements for the previous year, to which reference is made for their detailed presentation, with the exception of the standards and interpretations which are newly issued and applicable from 1 January 2024, in addition to the amendments to the standards that are already applicable, as specified below.

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

New or revised IFRS, amendments and interpretations applied from 1 January 2024

The following IFRS accounting standards, amendments and interpretations were applied by the Group for the first time as from 1 January 2024:

- "*Amendments to IAS 1 Presentation of Financial Statements: Classification of Liabilities as Current or Non-Current*" (published by the IASB on 23 January 2020) and "*Amendments to IAS 1 Presentation of Financial Statements: Non-current Liabilities with Covenants*" (published by the IASB on 31 October 2022). The amendments are aimed at clarifying how to classify debts and other short- or long-term liabilities. In addition, the amendments also improve the information that an entity must provide when its right to defer settlement of a liability for at least 12 months is subject to meeting certain parameters (i.e., covenants).

- "*Amendments to IFRS 16 Leases: Lease Liability in a Sale and Leaseback*" (published by the IASB on 22 September 2022). The document requires the seller-lessee to measure the lease liability arising from a sale and leaseback transaction so as not to recognize any income or loss that relates to the retained right of use.
- "*Amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures - Supplier Finance Arrangements*" (published by the IASB on 25 May 2023). The document requires an entity to provide additional information on reverse factoring arrangements that may enable financial statement users to assess how financial arrangements with suppliers may affect the entity's liabilities and cash flows and to understand the effect of such arrangements on the entity's exposure to liquidity risk.

All amendments became applicable from 1 January 2024, and their adoption had no material effect on the Group's consolidated Financial Statements.

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

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

- On 30 May 2024, the IASB published "*Amendments to the Classification and Measurement of Financial Instruments - Amendments to IFRS 9 and IFRS 7*". The document clarifies some problematic issues that emerged from the post-implementation review of IFRS 9, including the accounting treatment of financial assets whose returns vary upon achievement of ESG objectives (i.e. green bonds). Specifically, the amendments aim:
  - to clarify the classification of financial assets with variable returns linked to environmental, social and corporate governance (ESG) objectives, and the criteria to be used for the SPPI test assessment;
  - to determine that the settlement date of liabilities through electronic payment systems is when the liability is discharged. However, an entity is permitted to adopt an accounting policy to allow a financial liability to be derecognized before delivering cash on the settlement date if certain specific conditions are met.

  With these amendments, the IASB also provided for additional disclosure requirements, in particular with respect to investments in equity instruments designated as FVOCI. The amendments shall apply to financial statements for financial years beginning on or after 1 January 2026. The directors do not expect any material effect on the Group's consolidated financial statements from the adoption of this amendment.
- On 9 May 2024, the IASB published a new standard IFRS 19 *Subsidiaries without Public Accountability: Disclosures*. The new standard provides for some simplifications with regard to the disclosures required by other IAS-IFRS standards. This standard can be applied by an entity that meets the following main requirements:
  - it is a subsidiary;

- it has not issued equity or debt instruments listed on a market, and is not in the process of issuing them;
- it has its own parent company that prepares consolidated financial statements in accordance with IFRS.

The new standard shall be applicable from 1 January 2027, with early adoption permitted. Since the Company does not comply with the abovementioned criteria, the directors do not expect any material effect on the Group's consolidated financial statements from the adoption of this amendment.

- On 9 April 2024, the IASB published a new standard IFRS 18 *Presentation and Disclosure in Financial Statements,* which will replace IAS 1 *Presentation of Financial Statements*. The new standard aims to improve the presentation of key financial statement formats, and provides for significant changes with regard to the income statement format. Specifically, the new standard requires:
  - the classification of revenues and costs into three new categories (operating, investing and financial activities), in addition to the tax and discontinued operations categories already present in the income statement format;
  - the presentation of two new sub-totals, operating result and earnings before interest and taxes (i.e. EBIT).

  The new standards also:
  - requires more information on performance indicators defined by management;
  - sets out new criteria for aggregating and disaggregating information;
  - provides for some changes in the format of the cash flow statement, including the requirement to use operating result as the starting point for the presentation of the cash flow statement prepared by using the indirect method, and the elimination of some classification options for some items that exist at present (such as, for example, interest paid, interest collected, dividends paid and dividends collected).

  The new standard shall be applicable from 1 January 2027, with early adoption permitted. At present the Directors are considering any possible effect of the adoption of this new standard on the Group's consolidated financial statements.
- On 15 August 2023 the IASB published "*Amendments to IAS 21 The Effects of Changes in Foreign Exchange Rates: Lack of Exchangeability.*" The document requires an entity to select a methodology to be applied consistently in order to verify whether one currency can be converted into another and, when this is not possible, provides guidance on how to determine the exchange rate to be used and the disclosure to be provided in the notes to the financial statements. The amendments shall apply from 1 January 2025, with early adoption permitted. The directors do not expect any material effect on the Group's Consolidated Financial Statements from the adoption of this amendment.
- On 30 January 2014 the IASB published the accounting standard "IFRS 14 – *Regulatory Deferral Accounts*", which only allows first-time adopters of IFRS to continue to recognize amounts relating to Rate-Regulated Activities according to the previous accounting standards adopted. The endorsement process of

the standard has not yet been started. This standard is not applicable since the Group is not a first-time adopter.

- On 18 July 2024, the IASB published "*Annual Improvements to IFRS Accounting Standards—Volume 11*" within the periodic update of the existing IFRS accounting standards. The amendments include clarifications, simplifications, corrections or changes to improve consistency in:
  - IFRS 1 "*First-time Adoption of International Financial Reporting Standards."* The improvement resolves a potential source of error due to inconsistency in the text of IFRS 1 with the requirements for hedge accounting under IFRS 9 "*Financial Instruments*";
  - IFRS 7 "*Financial Instruments: Disclosures.*" The IASB provided for three amendments: (i) profits or losses recognized at the time of derecognition. The improvement resolves a potential source of confusion in relation to accounting for profits or losses at the time of derecognition because IFRS 7 included a reference to a paragraph deleted from the accounting standard when IFRS 13 "*Fair Value Measurement*" was issued; (ii) disclosures on differences between fair value and transaction price. The improvement corrects an inconsistency between IFRS 7 and its implementation guidance; (iii) introduction and disclosures on credit risk. The improvement resolves a potential source of confusion by clarifying that the implementation guidance does not necessarily explain all the requirements made explicit in the reference paragraphs of IFRS 7, and also simplifies some explanations.
  - IFRS 9 "*Financial Instruments.*" The IASB provided for two amendments: (i) derecognition by the lessor of a lease liability. The improvement resolves a potential lack of clarity in the application of the requirements laid down under IFRS 9 in relation to the lessee's accounting for the extinguishment of a lease liability; (ii) transaction price. The improvement resolves a source of potential confusion arising from a reference within Appendix A of IFRS 9 to the definition of "transaction price" stated in IFRS 15 "*Revenue from Contracts with Customers*" since the term "transaction price" is used in various places in IFRS 9 with a meaning that is not necessarily consistent with the definition stated within IFRS 15;
  - IFRS 10 "*Consolidated Financial Statements.*" The improvement resolves a source of potential confusion caused by an inconsistency present in the text of IFRS 10 regarding the investor's identification of a "*de facto*" agent;
  - IAS 7 "*Statement of Cash Flows.*" The improvement resolves a potential source of error in the application of IAS 7 arising from the use of the term "cost method", which is no longer defined within the International Financial Reporting Standards. With regard to the new standards and amendments set out above, the directors are currently assessing any possible effects on the Group's consolidated financial statements related to their introduction.

The amendments shall apply from 1 January 2026, with early adoption permitted. The directors do not expect any material effect on the Group's consolidated financial statements from the adoption of this amendment.

2.3. Discretionary assessments, assumptions and significant accounting estimates

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

Discretionary assessments

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

Uncertainty of estimates and assumptions

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

ASSESSMENT OF THE GOING CONCERN BASIS

The Group ended the first 9 months of 2024 with total consolidated revenues of € 896.0 million (€ 870.2 million at 30 September 2023), EBITDA of € 85.7 million (corresponding to 9.6% of revenues), including non-recurring charges of € 2.3 million (€ 90.0 million at 30 September 2023, 10.3% of related revenues, including non-recurring charges of € 5.9 million), and a Group net loss of € 16.2 million (compared to a Group net loss of € 0.3 million at 30 September 2023). Due to the result for the year, the Group's consolidated equity at 30 September 2024 showed an overall reduction to € 39.2 million, for a total Equity, including minority interests, equal to € 46.3 million while the net financial position increased to € 536.6 million at 30 September 2024 (including a short- term debt of € 125.1 million). The growth of the Group, and the structural dynamics of the business, in addition to the increase in the procurement prices of energy, which characterized previous years,

and the effects of which do not yet appear to have been cancelled in full, have led to increasing pressure on net operating working capital. These circumstances, together with the events involving the subsidiary Rekeep Saudi culminating in the international arbitration proceedings, have led to an increase in the net financial debt in recent years, and consequently in the financial charges charged to the income statement (equal to € 59.2 million at 30 September 2024, and including, among others, the adjustment to the value of the contingent liability for put option to the minority shareholder of subsidiary Rekeep Polska following the amendments to the previous agreements concluded in the first half of 2024, which has an impact of € 19.7 million on the item).

At the time of preparing the condensed interim Consolidated Financial Statements, in order to verify whether the going-concern assumption requirement is met, the Directors have assessed both the actual results at 30 September 2024, in line with expectations at consolidated level, and the results expected by the Group for the current and subsequent years, characterized by a gradually increasing performance, estimated on the basis of historical experience and assumptions that are still considered to be reasonable and reliable by the Directors. The Directors themselves have also assessed the status of existing relationships with the Group's banks and other lenders, which have not changed significantly compared to the previous year, and have established that the Parent Company and other Group companies have actually the ability to generate sufficient cash flows from their core business activities over the next 12 months to meet their obligations regularly over that time frame. On the basis of the analyses carried out, although the assumptions on which the assessments are based inherently incorporate elements of discretion and uncertainty, the Directors have established that the aforementioned circumstances do not pose any threat to the Group's ability to continue as a going concern over the next 12 months.

Having stated this, the Directors have also noted that, during the first 9 months of 2024, the Group obtained a deferment of the payment of the Competition Authority’s “FM4” fine debt through the Revenue Agency’s issuance of a new installment payment plan expiring in May 2029, and a consequent reduction in the financial outlay expected over the next 12 months. However, over this timeframe, the Group will see a reduction in its liquidity following the expiry of the Revolving Credit Facility agreement on 1 August 2025, equal to € 75 million, which is on average used to meet short-term liquidity requirements for about 20% of total cash and cash equivalents.

With regard to the period after the next 12 months, both the Group's historical cash flow trends and the expectations of the projected cash flows set forth in the 2024-2026 Business Plan, including the repayments of the loans maturing in the coming months, and the continued payment of the Competition Authority’s “FM4” fine according to the new installment payment plan, suggest that the cash flows generated by recurring operations alone are unlikely to be sufficient to ensure full repayment of the Bond maturing in February 2026. The Directors have therefore continued their analysis and initiatives in order to find the best solutions to cope with this situation, and ensure debt sustainability, including the possibility of partially refinancing the

aforementioned Bond, procuring any other possible sources of financing and carve-outs (sale of assets or disposal of equity investments).

As of the date of preparation of these condensed interim Consolidated Financial Statements, the aforementioned assessments were still in progress, given that in previous months a mandate had been given to leading national and international advisors in order to design and implement the best strategy and select the counterparties of extraordinary transactions (if any). The advisors reported on prospects for both refinancing and disposals of identified assets, providing information for the valuation of each asset involved in disposals. The Group has started concrete talks with leading domestic market players and international financial operators and put in place specific activities aimed at carrying out the extraordinary transactions required to sell assets and refinance remaining debt. In addition, the Directors are continuing their work of analysis to monitor the evolution of interest rates, and identify, with their advisors, the best terms and conditions for a partial refinancing of the Group.

Even on the basis of the above considerations, the Directors prepared the condensed interim consolidated Financial Statements on a going concern basis, confident that the actions to meet the substantial medium-term financial commitments produce the necessary cash flows and believing that the uncertainties surrounding the way and timing of the aforesaid extraordinary transactions, can be quickly resolved, and that the same actions will come to a successful conclusion in a timely manner. For further details about financial risk management, please refer to Note 18.

IMPAIRMENT TEST

Goodwill is subject to impairment test at least annually, or more frequently if there is an indication of potential impairment in the carrying amounts, as provided for by IAS 36. Specifically, the purpose of the impairment test is to verify the recoverability of goodwill by comparing the net book value of cash-generating units to which the goodwill has been allocated with the recoverable value of those units, The recoverable value of cash-generating units corresponds to the higher of fair value less costs to sell and value in use.

This requires an estimate of the value in use of the CGU (cash-generating unit) to which the goodwill is allocated, in turn based on an estimate of expected cash flows from the CGU and their discounting on the basis of a suitable discount rate. At 30 September 2024 the carrying amount of the goodwill was equal to € 406,550 thousand (€ 406,700 thousand at 31 December 2023). For more details, please refer to note 6.

RECOGNITION OF REVENUES AND COSTS RELATING TO CONTRACT ASSETS WITH CUSTOMERS

The Group uses the percentage of completion method to account for assets on long-term contracts concerning the construction and upgrading of properties or technological systems for which it carries out construction

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

PROVISIONS FOR RISKS AND CHARGES AND ALLOWANCE FOR DOUBTFUL ACCOUNTS

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

RECOGNITION OF THE PRESENT VALUE OF LIABILITIES FOR PUT OPTION ON MINORITY SHARES OF SUBSIDIARIES AND ON THE PRESENT VALUE OF LIABILITIES FOR EARN-OUTS FOR ACQUISITIONS MADE

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

MAIN ASSUMPTIONS APPLIED TO THE ACTUARIAL VALUATION OF THE TFR (EMPLOYEE TERMINATION INDEMNITY), SUCH AS THE FUTURE TURNOVER RATE AND DISCOUNT FINANCIAL RATES

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

estimates are extremely sensitive to changes in assumptions. All the assumptions are reviewed on an annual basis. See note 12 for details.

DEFERRED TAX ASSETS AND THEIR PROBABLE FUTURE REVERSAL

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

OTHER FINANCIAL STATEMENT ITEMS

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

Consolidation principles

The Condensed Consolidated Interim Financial Statements include the financial statements of Rekeep S.p.A. ("the Parent Company", "Rekeep S.p.A." or simply "Rekeep") and its subsidiaries, prepared as at 30 September 2024. The financial statements of the subsidiaries have been prepared by adopting for each closing date the same accounting standards as those applied for the parent company.

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

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

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

year and in the Consolidated Statement of Financial Position under Equity items, separately from the Group's Equity.

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

CONVERSION OF FINANCIAL STATEMENTS OF FOREIGN COMPANIES

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

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

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

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

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

Currency	Exchange rate at 30 September 2024	Average Exchange rate for the 9 months ended 30 September 2024	Exchange rate at 31 December 2023	Average Exchange rate for the 9 months ended 30 September 2023
United Arab Emirates Dirham (AED) – United Arab Emirates	4.0767	4.1985	4.0236	3.9778
Romanian Leu (RON) – Romania	4.9744	4.9753	4.9705	4.9394
Turkish Lira (TRY) – Turkey	38.2693	38.2693	32.5684	28.9172
Saudi Arabia Riyal (SAR) – Saudi Arabia	4.0767	4.1985	4.1085	4.0618
Zloty (PLN) – Poland	4.3053	4.2788	4.3708	4.5822

The financial statements of the Turkish consolidated company have been prepared by taking account of the application of IAS 29 in view of the cumulative Turkish inflation rate for the past three years, which is more than 100%. Therefore, in the consolidated financial statements at 30 September 2024, the accounts of the consolidated company that apply the Turkish lira as the local currency have been prepared in order to report operating results and the statement of financial position at purchasing power prevailing at the end of the reporting period. Accordingly, all items from the financial statements of the Turkish company have been translated by using the exchange rate as at the reporting date of the consolidated financial statements.

The consolidation area as at 30 September 2024 is shown below.

rekeep

100% Servizi Ospedalieri
- 60% Medical Device S.r.l
- 70% Servizi Sanitari Sicilia Soc. Cons. a r.l
- 60% U.Jet S.r.l
  - 100% U.Jet Romania Private Limited Company
- 24,75% Iniziative Produttive Piemontesi S.r.l
- 40% S. Martino 2000 Soc.Cons.a r.l.
- 25% Steril Piemonte S.r.l.
- 50% A.M.G. S.r.l

100% H2H Facility Solutions
- 100% H2H Cleaning S.r.l.
- 100% H2H Document Solutions S.r.l.*
- 100% H2H Digital Solutions S.r.l.**

Rekeep (direct holdings)
- ARIENES Soc.Cons. a r.l. 35%
- Consorzio Sermagest Soc.Cons.a r.l in liquidation 60%
- S.E.I. Energia Soc. Cons. r.l. 49%
- GR.A.AL. Soc. Cons. a. r.l. 28,926%
- Logistica Ospedaliera Soc. Cons. a r.l 45%
- ROMA Multiservizi S.p.A. in liquidation 45,47%
- Newco Duc Bologna S.p.A. 44,81%
- Gestione Strade Soc. Cons. r.l. 25%
- Palmanova Servizi Energetici Soc. Cons. a r.l in liquidation 60,00%
- 2LOW S.r.l. in liquidation 20,00%
- Alisei S.r.l. in liquidation 100%
- Fondazione Ricerca, Scienze Neurologiche Azienda USL di Bologna 21,03%
- Gymnasium Soc.Cons.a r.l. in liquidation 68%
- Global Oltremare Soc.Cons.a r.l in liquidation 60%
- Servizi Napoli 5 Soc. Cons. a r.l 45%
- Centro Europa Ricerche S.r.l. 21,38%
- Global Vicenza Soc. Cons. a r.l 41,25%
- Imola Verde e Sostenibile Soc. Cons. a r.l. 30%
- 100% Rekeep Rail S.r.l.
- 100% Cefalù Energia S.r.l.
- 71% DUC Gestione Sede Unica Soc. Cons. a r.l.
- 60% Infrastrutture Lombardia Soc. Cons.r.l
- 69% Ferrara Soc. Cons. r.l.
- 67,2% Treviso GS4 Soc. Cons. a r.l.
- 62,43% KANARIND Soc. Cons.r.l
- 52,97% ISOM Gestione Soc. Cons. a r.l.
- 62,71% ISOM Lavori Soc. Cons. a r.l.
- 60% Progetto Sintesi Soc. Cons. r.l.
- 100% S.AN.GE. Soc.Cons.a r.l
- 60% San Gerardo Servizi Soc. Cons. r.l
- 50% Legnago 2001 Soc. Cons. a r.l.in liquidation
- 52% Servizi Brindisi Soc. Cons. a r.l. in liquidation
- 66,66% Consorzio Igiene Ospedaliera Soc. Cons. a r.l in liquidation
- 60% MCF Servizi Integrati Soc. Cons. a r.l. in liquidation
- 45% Toscana Energia Nord Ovest (T.E.N.O.V.) S.r.l.

100% YOUGENIO

97,74% CMF Consorzio Stabile
- 54,37% Bologna Strade Soc. Cons. a r.l.
- 84% Tecnopolo Energy Service S.r.l.
- 60% Monasterio Energia S.r.l.
- 47% Gestione Servizi Taranto Soc. Cons. a r.l.
- 41,17% BGP2 Soc. Cons. r.l.
- 35% Energy Center TP Soc. Cons. a r.l.

100% Rekeep World
- 51% EOS Hijyen Tesis Hizmetleri Saglik Insaat Servis Muhendislik A.S.
- 93,07% Rekeep France S.a.s.
  - 100% Rekeep Transport S.a.s.
  - 100% Rekeep Facility S.a.s.
- 100% Rekeep Facilities Management LLC
- 100% Rekeep Mobilites S.a.s.
- 100% Rekeep Santé S.a.s.
- 100% Rekeep Saudi Arabia Ltd
- 80% Rekeep Polska S.A.
  - 100% Catermed Sp. Z o.o.
  - 100% IZAN+ sp. z o.o.
  - 100% Naprzód Inwestycje Sp. z o.o.
  - 100% Naprzód Hospital Sp. z o.o
  - 100% Naprzód Marketing Sp.z o.o.
  - 100% Naprzód Service sp. z o.o.
  - 100% C-Food Sp. z o.o.
  - 100% Naprzód Catering Sp. z o.o
  - 100% Kolumna Transportu Sanitarnego Triomed Sp. z o.o.
  - 100% JOL-MARK Sp. z o.o.
  - 100% Rekeep Superfood sp. z o.o.
  - 90% Ster-med S.p. z o.o.
- 100% Rekeep Arabia for Operations and Maintenance Ltd in liquidation

Legend:
- (orange) Associates and other companies consolidated for under the equity methoddel patrimonio netto
- (light teal) Joint Ventures consolidated for under the equity method
- (teal) Subsidiaries consolidated on a line-by-line basis

(*) Formerly Telepost S.r.l.

(**) Formerly Rekeep Digital S.r.l.

During the first 9 months of 2024 we must note the following events:

- the winding-up of Servizi Brindisi Soc. Cons. a r.l. with effect from 17 January 2024, which, therefore, changed its name to Servizi Brindisi Soc. Cons. a r.l. in liquidation;
- the winding-up of Logistica Ospedaliera Soc. Cons. a r.l. with effect from 14 June 2024, which, therefore, changed its name to Logistica Ospedaliera Soc. Cons. a r.l. in liquidation;
- the incorporation of Energy Center TP Soc. Cons. a r l. on 24 July 2024, the quota capital of which is 25% held by Consorzio Stabile CMF.

Furthermore, it should be noted that as from 15 October 2024 Telepost S.r.l. and Rekeep Digital S.r.l. changed their name to H2H Document Solutions and H2H Digital Solutions, respectively.

3. Property, plant and equipment

The table below shows the changes in the company-owned property, plant and equipment in the period ended 30 September 2024.

	Property	Plant and equipment	Total
At 1 January 2024, net of accumulated depreciation and impairment	**37,435**	**80,108**	**117,543**
Additions from acquisitions	47	29,975	30,022
Disposals	(2,183)	(1,117)	(3,300)
Depreciation for the period	(1,866)	(17,957)	(19,823)
Others	2,977	(3,787)	(810)
At 30 September 2024	**36,410**	**87,222**	**123,632**
At 1 January 2024			
Historical cost	45,599	504,947	550,546
Accumulated depreciation and impairment losses	(8,164)	(424,839)	(433,003)
NET BOOK VALUE	**37,435**	**80,108**	**117,543**
At 30 September 2024			
Historical cost	46,440	530,018	576,458
Accumulated depreciation and impairment losses	(10,030)	(442,796)	(452,826)
NET BOOK VALUE	**36,410**	**87,222**	**123,632**

The additions from acquisitions that took place during the period mainly related to the linen, mostly in the Laundering & Sterilization segment, for € 9,655 thousand. An amount of € 8,063 thousand related to investments made by companies in the sub-group controlled by Rekeep Polska for the "centralized kitchens"

(with Cook&Chill technology) project to support catering services. The same sub-group is also engaged in the renovation of a sterilization facility near a hospital, which involved incurring investments amounting to € 1,589 thousand. In addition, the Group made purchases of other specific machinery and equipment amounting to € 10,668 thousand.

Decreases for the period, totaling € 3,300 thousand, mainly related to the sale of a property by subsidiary Servizi Ospedalieri S.p.A. (with a net book value sold equal to € 2,044 thousand), as well as to disposals made by the Parent Company Rekeep S.p.A., and the subsidiary Servizi Ospedalieri S.p.A., mainly arising from the completion of job orders and the replacement of linen.

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

4. Property, plant and equipment under lease

The table below shows the changes in property, plant and equipment under lease in the year ended 30 September 2024.

	Rights of use of properties	Rights of use of plant and equipment	Total
At 1 January 2024, net of accumulated depreciation and impairment	**25,853**	**18,702**	**44,555**
Additions from acquisitions	2,228	6,869	9,097
Disposals		(544)	(544)
Early termination	(1,080)	(362)	(1,442)
Depreciation for the period	(3,137)	(4,895)	(8,032)
Others	8	3,245	3,253
At 30 September 2024	**23,872**	**23,015**	**46,887**
At 1 January 2024			
Historical cost	61,871	62,054	123,924
Accumulated depreciation and impairment losses	(36,017)	(43,352)	(79,369)
NET BOOK VALUE	**25,853**	**18,702**	**44,555**
At 30 September 2024			
Historical cost	63,027	71,262	134,288
Accumulated depreciation and impairment losses	(39,154)	(48,247)	(87,401)
NET BOOK VALUE	**23,872**	**23,015**	**46,887**

Property, plant and equipment under leases reported changes during the year due to depreciation for the period, as well as to the execution of new lease agreements for a total of € 9,097 thousand. Of these an amount of € 2,228 thousand related to the execution of new real estate and property lease agreements. The new lease agreements and long-term hire of machinery, vehicles that make up the corporate fleets, and equipment amounted to € 6,869 thousand and included surgical instrumentation lease agreements for € 616 thousand, which were signed by subsidiary Servizi Ospedalieri S.p.A.. Finally, an amount of € 3,353 thousand related to the execution of new lease agreements entered into for the renewal of vehicles forming part of the company fleets.

Furthermore, there was the early termination of some lease and long-term hire agreements for a total of € 1,442 thousand during 2024.

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

5. Other intangible assets and Goodwill

The table below shows the changes in intangible assets in the period ended 30 September 2024.

	Other intangible assets	Goodwill	Total
At 1 January 2024, net of accumulated amortization and impairment	**17,731**	**406,700**	**424,431**
Additions from acquisitions	2,498		2,498
Amortization for the period	(4,438)		(4,438)
Others	23	(150)	(127)
At 30 September 2024	**15,814**	**406,550**	**422,364**
At 1 January 2024			
Cost	139,831	409,017	548,848
Accumulated amortization and impairment losses	(122,100)	(2,318)	(124,417)
NET BOOK VALUE	**17,731**	**406,700**	**424,431**
At 30 September 2024			
Cost	142,352	408,867	551,220
Accumulated amortization and impairment losses	(126,538)	(2,318)	(128,856)
NET BOOK VALUE	**15,814**	**406,550**	**422,364**

Goodwill is tested annually for impairment. The balance of the item decreased from € 406,700 thousand at 31 December 2023 to € 406,550 thousand at 30 September 2024. For more details, see note 6.

Other intangible assets, amounting to € 15,814 thousand at 30 September 2024, mainly consist of investments in software carried out as part of the projects aimed at upgrading and enhancing the corporate information systems. The additions from acquisitions made in the period (€ 2,498 thousand) were mainly attributable to the Parent Company Rekeep S.p.A., and related to the implementation and upgrading of software platforms used by the Group.

6. Impairment of goodwill

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

SBU – FACILITY MANAGEMENT

The SBU is identified with:

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

SBU – LAUNDERING & STERILIZATION

The SBU is identified with:

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

The table below sets forth the carrying amounts of the goodwill recognized in the condensed consolidated interim Financial Statements as at 30 September 2024, broken down into the different CGUs.

	30 September 2024	31 December 2023
Goodwill allocated to Facility Management CGU	390,367	390,516
of which International markets	*35,730*	*35,880*
Goodwill allocated to Laundering & Sterilization CGU	16,183	16,183
CONSOLIDATED goodwill	**406,550**	**406,700**

At 30 September 2024 the balance of the item showed a decrease of € 149 thousand due to the change in the value of goodwill arising from the business combination of Stermed S.p. z.o.o., as resulting from the more detailed analysis of the transaction put in place by subsidiary Rekeep Polska, compared to the amount provisionally recognized at the end of the previous year (when it amounted to €1,366 thousand), as well as due to the fluctuation in Euro/Polish Zloty exchange rate during the period.

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

As at 30 September 2024, following the analysis of any possible evidence of impairment, the Directors did not report, despite the economic situation existing at the reporting date of the condensed interim consolidated Financial Statements, any risk of impairment on the value of the cash generating units, including after considering the headroom noted in the sensitivity analyses and the stress tests conducted at the reporting date of the Consolidated Financial Statements at 31 December 2023, which support the recoverability of consolidated assets even in the presence of any possible risk of significant amount. Therefore, it was not deemed appropriate to proceed with any formal updating of the impairment tests arranged for at 31 December 2023, since it was considered that the assumptions and conclusions underlying them were applicable at 30 September 2024.

7. Investments accounted for under the equity method

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

At 30 September 2024, the investments valued at Equity amounted to a net amount of € 11,250 thousand, against a net amount of € 11,349 thousand at the end of 2023; these values are already stated net of a provision for risks covering future outlays that are expected to be incurred by the Group on behalf of the associate/joint venture, reclassified under liabilities in the balance sheet (for more details, see note 13).

	Net assets 30 September 2024	Net assets 31 December 2023
Investments accounted for under the equity method	11,375	11,757
Provision for risks on investments	(126)	(408)
INVESTMENTS ACCOUNTED FOR UNDER THE EQUITY METHOD	**11,250**	**11,349**

During the first 9 months of 2024 the valuation of investments according to the equity method entailed the recognition of a net income equal to € 335 thousand for the share attributable to the Group (against a profit of € 102 thousand at 30 September 2023) following the recognition of income from equity investments for € 562 thousand (€ 744 thousand at 30 September 2023), and charges from equity investments for € 228 thousand (€ 642 thousand at 30 September 2023). Furthermore, negative effects were recognized directly under consolidated Equity for a total of € 410 thousand (against positive effects equal to € 215 thousand at 30 September 2023).

8. Other non-current assets

The table below sets forth the breakdown of other non-current assets as at 30 September 2024 and as at 31 December 2023:

	30 September 2024	31 December 2023
Other investments	5,996	5,996
Non-current financial assets	8,088	6,929
Other non-current assets	3,885	4,607
OTEHR NON-CURRENT ASSETS	**17,969**	**17,532**

The financial assets accounted for as Other investments relate to investments in companies in which the Group has no significant or controlling interests and that have been acquired for strategic/production purposes. There are also investments in production sites, or in other minor activities such as industrial laundry services performed by minor companies that may also act as sub-contractors. Other investments are measured at purchase or establishment cost, as the best estimate of the fair value, since there is no active market in the securities concerned, which for the most part cannot be freely transferred to third parties due to limitations and restrictions preventing their free circulation.

Non-current financial assets, amounting to € 8,088 thousand as at 30 September 2024 (€ 6,929 thousand as at 31 December 2023), are composed of:

- € 2,295 thousand of Non-current financial receivables due from associates, affiliates or joint-ventures (€ 1,135 thousand at 31 December 2023). The face value of these receivables is € 2,326 thousand, while the discounting fund amounts to € 31 thousand (€ 1,170 thousand and € 35 thousand at 31 December 2023, respectively). Some of these are non-interest bearing since they were drawn down

from each consortium partner and are thus discounted on the basis of their expected residual maturity, applying EURIRS as the reference interest rate, plus a spread;

- € 4,693 thousand of non-current financial receivables from third parties (unchanged compared to 31 December 2023). The item included the balance of an escrow account for € 2,000 thousand, and the long-term portion, equal to € 2,357 thousand, of the deferred price relating to the sale of 95% of the quota capital of MFM Capital S.r.l. to 3i EOPF, which took place in December 2018, the collection of which is subject to the completion of the construction phase envisaged as per contract on some project financing companies subject to disposal;
- securities held to maturity for € 1,101 thousand (unchanged compared to 31 December 2023).

The item is made up of security deposits of € 2,773 thousand related to long-term income-generating manufacturing contracts (€ 2,757 thousand at 31 December 2023) and long-term deferrals of € 402 thousand relating to some contracts (€ 847 thousand at 31 December 2023).

9. Trade receivables, advances to suppliers and other current receivables

The following table includes the breakdown of Trade receivables, advances to suppliers and Other current operating receivables at 30 September 2024 and 31 December 2023:

	30 September 2024	of which from related parties	31 December 2023	of which from related parties
Contract assets	32,385	2,433	29,959	1,353
Trade receivables, gross	489,718		457,744	
Allowance for doubtful accounts	(20,155)		(20,683)	
Trade receivables due from third parties	**501,948**	**2,433**	**467,020**	**1,353**
Trade receivables from MSC	294	294	14	14
Trade receivables from Associates, Affiliates and Joint Ventures	39,438	39,438	39,776	39,776
Trade receivables from Group	**39,732**	**39,732**	**39,790**	**39,790**
Advances to suppliers	7,588	437	6,961	1
TRADE RECEIVABLES AND ADVANCES TO SUPPLIERS	**549,268**	**42,602**	**513,771**	**41,144**
Current tax assets within 12 months	15,320		11,531	
Other current assets due from third parties	13,176		14,482	
Due from social security institutions	1,101		1,089	
Due from employees	202		165	
Other current assets from third parties	**29,799**	**0**	**27,267**	**0**
Current assets from MSC	317	317	317	317

	30 September 2024	of which from related parties	31 December 2023	of which from related parties
Current assets from Associates, Affiliates and Joint Ventures	152	152	244	244
Other current assets from Group	**469**	**469**	**561**	**561**
Accrued income	1,204		1,063	
Prepaid expenses	4,564		2,790	
Accrued income and prepaid expenses	**5,768**	**0**	**3,853**	**0**
OTHER CURRENT ASSETS	**36,036**	**469**	**31,681**	**561**

The balance of trade receivables and advances to suppliers, which also includes contract assets, amounted to € 549,268 thousand at 30 September 2024, up by € 35,497 thousand compared to 31 December 2023 (€ 513,771 thousand).

The change under consideration was the result of an increase of € 31,974 thousand in trade receivables from third parties while the allowance for doubtful accounts showed a decrease of € 528 thousand. There was also a decrease in the value of contract assets for € 2,426 thousand.

During 2024 the Group continued to hold contracts for the non-recourse assignment of trade receivables from third parties, including the maturity factoring agreement with BFF Bank S.p.A., expiring on 25 January 2028, which had been signed by the Parent Company Rekeep S.p.A. and other subsidiaries, and concerning the assignment on a revolving basis of receivables the companies claimed from Entities in the National Health System and Public Authorities, in an amount of up to € 300 million. These are accompanied by additional relationships with factoring companies for the disinvestment of specifically-agreed credit positions claimed both from Entities in the National Health System and Public Authorities, and from private entities and individuals.

During the year, the Group made assignments of trade receivables amounting to € 196,922 thousand (of which the balance amounting to € 51,963 thousand has not yet been collected from the customer on the part of factoring companies): in all assignments, the assigned trade receivables were subjected to derecognition according to IFRS 9 in consideration of the characteristics of the transactions, and entailed interest discount costs totaling € 2,880 thousand.

Finally, trade receivables from unconsolidated Group companies and other related parties amounted to € 42,602 thousand (€ 41,144 thousand at 31 December 2023). For more details, reference should be made to note 20 and to Annex III – Related-Party transactions.

A specific provision for bad debts was recorded against non-performing loans, which are difficult to recover in full, amounting to € 20,155 thousand at 30 September 2024 (at 31 December 2023: € 20,683 thousand). Changes in the provision during the period are detailed as follows:

	31 December 2023	Increases	Uses	Releases	Others	30 September 2024
Provision for bad debts	**20,683**	1,198	(1,404)	(297)	(26)	**20,155**

Other current assets of € 36,036 thousand (€ 31,681 thousand at 31 December 2023) showed an overall increase of € 4,355 thousand during the year.
The most significant entries in the breakdown of this item are made up of:

- tax receivables, mostly including receivables relating to the VAT payments made by the Group companies (€ 13,230 thousand compared to € 9,232 thousand at 31 December 2023), which continue to show a credit balance given the widespread application of the regulations governing “Split-payment” and “Reverse charge” to the cycle of purchasing and sales invoicing. Assignments without recourse of VAT receivables held by some Group companies were made during the first 9 months of 2024 for a total nominal amount of € 20,007 thousand;
- receivables for short-term security deposits on new annual electricity and gas utility contracts paid to suppliers for € 2,722 thousand (€ 3,505 thousand at the end of the previous year).

10. Share capital and reserves

	30 September 2024	31 December 2023
Share Capital – Ordinary shares	**109,150**	**109,150**

Ordinary shares have a nominal value of € 1 each. Ordinary shares issued and fully paid up at 30 September 2024 amounted to 109,149,600.

The Parent Company does not hold own shares.

Reserves and Retained earnings

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

	Share premium reserve	Legal reserve	SE reserves companies valued at SE	Translation reserve	SORIE reserve	Other reserves	Total reserves
31 December 2022	**145,018**	**21,830**	**4,409**	**(1,042)**	**(4,294)**	**(159,226)**	**6,696**
Allocation of profits of previous years				1,041	(394)	(613)	33
Business combinations "under common control"						(168)	(168)
Economic effects accounted for in equity			233	1,244	(269)		1,208
31 December 2023	**145,018**	**21,830**	**4,642**	**1,243**	**(4,958)**	**(160,006)**	**7,769**
Allocation of profits of previous years						(966)	(966)
Currency appreciation due to hyperinflation						174	174
Economic effects accounted for in equity			(410)	427	(303)		(286)
30 September 2024	**145,018**	**21,830**	**4,232**	**1,670**	**(5,261)**	**(160,798)**	**6,691**

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

- the reserve originating from the recognition of joint operations, which includes the differences between the purchase cost and the net carrying amount of the assets acquired under business combinations between jointly-controlled entities, for a loss of € 250,695 thousand. This reserve includes € 198,261 thousand for the effects of the reverse merger of CMF S.p.A. by incorporation into Rekeep S.p.A., which took place on 1 July 2018. Furthermore, the negative reserve showed an increase of € 6,866 thousand in 2022, due to the effects of the agreement signed by Rekeep S.p.A. with its parent company MSC Società di Partecipazione tra Lavoratori S.p.A. on 30 June 2022, relating to the acquisition of the "Personnel activities" business unit. Finally, the negative reserve showed an increase of € 168 thousand in 2023 due to the effects of the agreement signed by Rekeep S.p.A.. on 22 December 2022 with Sacoa S.r.l., a company in the same group controlled by the parent company MSC Società di Partecipazione tra Lavoratori S.p.A., concerning the acquisition of the "Major Customers" business unit;
- the Parent Company's extraordinary reserve equal to € 43,967 thousand.

The table below shows changes in *Retained earnings*:

	Retained earnings of the Parent Company	Consolidation reserve	Total retained earnings
31 December 2022	**3,809**	**(79,924)**	**(76,115)**
Allocation of profits of previous years		27,098	27,098
Change in consolidation area		805	805

	Retained earnings of the Parent Company	Consolidation reserve	Total retained earnings
31 December 2023	**3,809**	**(52,021)**	**(48,212)**
Allocation of profits of previous years		(12,255)	(12,255)
30 September 2024	**3,809**	**(64,276)**	**(60,467)**

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

	30 September 2023	31 December 2023
Equity attributable to non-controlling interests	**7,119**	**6,515**
of which attributable to:		
Subsidiaries of Rekeep World S.r.l.	725	689
Subsidiaries of Servizi Ospedalieri S.p.A.	5,658	5,158
Other subsidiaries and consortia	736	668

	30 September 2023	31 December 2023
Profit for the year attributable to non-controlling interests	**708**	**690**
of which attributable to:		
Subsidiaries of Rekeep World S.r.l.	145	214
Subsidiaries of Servizi Ospedalieri S.p.A.	500	536
Other subsidiaries and consortia	63	(61)

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

Rekeep World S.r.l., which is the Group's sub-holding company active in the development of international markets, holds a stake of 93.07% of the share capital of Rekeep France S.a.s. and a stake of 80% of the share capital of the Polish company Rekeep Polska. There is no recognition of equity attributable to the minority shareholders of these subsidiaries, since a Put Option is granted to the minority shareholders, which is recognized as a financial liability in the Consolidated Financial Statements.

Furthermore, the subsidiary Rekeep Polska holds a stake of 90% in the capital of Ster-med S.p. z.o.o.. However, it holds a Put option granted to the minority shareholder on the remaining portion of the capital, and, therefore, no item is stated for equity attributable to minority interests.

During 2018 EOS, a Turkish company in which Rekeep World S.r.l. acquired a majority stake against a stake of 49% held by local partners was consolidated for the first time. The valuation of the stake pertaining to minority shareholders was accounted for as an increase in the Shareholders' Equity of non-controlling interests for the financial year.

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

11. Financial indebtedness

Net financial indebtedness as of 30 September 2024 amounted to € 536,617 thousand, compared to € 460,987 thousand at 31 December 2023.

Below is the related breakdown by balance sheet lines:

	30 September 2024	31 December 2023
Long-term financial debt	446,115	398,218
Bank borrowings, including current portion of long-term debt, and other financial liabilities	125,072	155,126
Gross financial indebtedness	**571,187**	**553,345**
Cash and cash equivalents	(28,905)	(76,812)
Current financial assets	(5,665)	(15,545)
Financial indebtedness	**536,617**	**460,987**

Current and non-current financial liabilities

The tables below set forth the qualitative breakdown of current and non-current financial liabilities at 30 September 2024 and 31 December 2023.

	30 September 2024	within 1 year	from 1 year to 5 years	after 5 years
Senior Secured Notes	367,487		367,487	
Revolving Credit Facility (RCF)	15,000	15,000		
Artigiancassa loan	471	314	157	
Banca Sistema loan	12,000	2,667	9,333	
Banca di Bologna loan	318	68	250	
Prepaid interest expenses	(500)	(498)	(2)	
Accrued interest expenses	4,807	4,807		
Long-term bank borrowings and current portion of long-term bank borrowings	**399,583**	**22,358**	**377,225**	**0**
Current bank overdraft, advance payments and hot money	37,218	37,218		
Lease liabilities	43,107	11,505	25,290	6,312
Loans from syndicated shareholders	711	157	537	16
Loan from Parent Company MSC	74	74		
Other financial liabilities	1,328	1,328		
Obligations from assignments with recourse of trade receivables	15,421	15,421		
Amounts collected on behalf of assignees of trade receivables	21,263	21,263		
Obligations arising from reverse factoring transactions	13,474	13,474		
Options on subsidiaries' minority shareholdings	38,687	1,952	36,734	
Share capital to be paid into associates	315	315		
Debt for the acquisition of investments/business units	6	6		
TOTAL FINANCIAL LIABILITIES	**571,186**	**125,072**	**439,787**	**6,328**

	31 December 2023	within 1 year	from 1 year to 5 years	after 5 years
Senior Secured Notes	366,179		366,179	
Artigiancassa loan	785	314	471	
SACE/Banca Sistema loan	36,000	36,000		
Banca di Bologna loan	367	66	301	
Prepaid interest expenses	(671)	(509)	(163)	
Accrued interest expenses	12,299	12,299		
Long-term bank borrowings and current portion of long-term bank borrowings	**414,958**	**48,170**	**366,788**	**0**

	31 December 2023	within 1 year	from 1 year to 5 years	after 5 years
Current account overdrafts, advance payments and hot money	27,549	27,549		
Lease liabilities	41,697	10,978	25,604	5,115
Loans from syndicated shareholders	904	193	599	112
Loan from Parent Company MSC	16	16		
Other financial liabilities	2,073	2,073		
Obligations from assignments of trade receivables with recourse	18,183	18,183		
Amounts collected on behalf of assignees of trade receivables	11,387	11,387		
Obligations arising from reverse factoring transactions	16,633	16,633		
Options on subsidiaries' minority shareholdings	19,545	19,545		
Share capital to be paid into associates	315	315		
Debt for the acquisition of investments / business units	83	83		
TOTAL FINANCIAL LIABILITIES	**553,345**	**155,126**	**392,991**	**5,227**

SENIOR SECURED NOTES (REKEEP S.P.A.)

On 28 January 2021 Rekeep S.p.A. launched a high-yield bond issue named "€350,000,000 7.25% Senior Secured Notes due 2026", which is not convertible and not subordinated, for a total amount on account of principal of € 350 million, due 1 February 2026. The Notes, which were reserved for institutional investors, were admitted to listing on the EURO MTF multilateral trading facility managed by the Luxembourg Stock Exchange and on the ExtraMOT multilateral trading facility, PRO segment, organized and managed by Borsa Italiana S.p.A.. The issue took place at par, with a coupon at an annual fixed rate of 7.25% (payable on a six-monthly basis on 1 February and 1 August, as from 1 August 2021) and non-callable repayment until 1 February 2023. On 9 February 2021, the Company also issued additional Senior Secured Notes with a par value of € 20 million at an issue price of 102.75% plus an amount equal to the interest that would have accrued on the Notes until (and excluding) 9 February 2021 in the event of them being issued on 28 January 2021. These Notes are regulated by the same terms and conditions as those issued previously (annual rate of 7.25% and due 2026) and will be formally registered in the same series as the latter ones.

The rules of the bond issue provide for a system of guarantees and covenants to protect the Bondholders' investment. There are in fact some limitations on the financial operations of the Issuer and of its subsidiaries, while allowing the Group to operate freely, provided that the operations carried out contribute added value and cash flows to the Group, at least potentially. These covenants substantiate in some limitations on the possibility of incurring new indebtedness and making distribution of dividends, investments and some types of payments outside the Restricted Group (restricted payments). Furthermore, there are also rules governing the allocation

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

As at 30 September 2024 the financial charges accrued on the bond coupons amounted to € 19,970 thousand against € 19,746 thousand in the first half of the previous year. The upfront fees relating to the issue of Senior Secured Notes, accounted for according to the amortized cost method in accordance with IFRS 9, entailed the recognition of financial amortization charges of € 1,308 thousand during the first 9 months of 2024 (€ 1,211 thousand during the first 9 months of 2023).

SUPER SENIOR REVOLVING CREDIT FACILITY (RCF)

At the same time as the issue of 28 January 2021, Rekeep S.p.A. signed a new revolving loan agreement that guarantees a senior secured line of credit ("RCF") for an amount of up to € 75 million, and due 1 August 2025, to be used for general purposes and to manage the working capital of the Issuer and its subsidiaries. The subsidiary Servizi Ospedalieri S.p.A. may also access this facility providing a specific personal security. The interest rate applicable to each use of the RCF loan for each interest period will be equal to the percentage rate resulting from the sum of the fixed margin (equal to 3.5) and the applicable EURIBOR parameter.

The Super Senior Revolving loan agreement provides for compliance with a financial covenant, which is preliminary to the possible use of the line granted. This financial covenant is in line with the market practice for similar financing transactions and is recognized on a quarterly basis on the basis of the data relating to the last 12 months, as resulting from the financial position, results of operations and cash flows approved during the quarter prior to the date of the application for use of the credit facility. On the reporting date of these financial statements the financial covenants had been complied with.

The facility was partially drawn down in order to meet temporary cash requirements (if any), and showed a residual balance of € 15 million at 30 September 2024 (while in 2023 the facility used during the 9 months had been repaid in full at the end of the year). The temporary partial uses of the facility entailed the charging of

financial costs equal to € 1,180 thousand accrued for the time being in the first 9 months of 2024 (€ 1,077 thousand at 30 September 2023).

PREPAID INTEREST EXPENSES

At 30 September 2024 the Parent Company Rekeep recognized prepaid interest expenses of € 500 thousand (€ 671 thousand at 31 December 2023). The item mainly relates to the arrangement fee initially incurred for the execution of the Super Senior Revolving (RCF) loan agreement, initially equal to € 1,260 thousand. These costs will be amortized on a straight-line basis throughout the term of the credit line and generated amortization charges of € 210 thousand in the first half of 2024 (in line with the same period of the previous year).

ACCRUED INTEREST EXPENSES

At 30 September 2024 accrued interest expenses were recognized for € 4,807 thousand (€ 12,299 thousand at 31 December 2023), of which € 4,545 thousand relating to the coupon of the Senior Secured Notes due 1 February 2025 (€ 11,401 thousand at 31 December 2023).

SACE/BANCA SISTEMA LOAN

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. The available line of credit, used to pay debts to its suppliers and subcontractors, had been used in full at 30 September 2024.
At 30 September 2024 the loan had been repaid in full. In the first 9 months of 2024 it entailed the payment of financial costs of € 1,146 thousand (€ 1,604 thousand at 30 September).

BANCA SISTEMA LOAN (REKEEP S.P.A.)

On 15 May 2024, the Parent Company Rekeep entered into an additional credit line with a nominal value of € 12 million with Banca Sistema S.p.A., which was also backed by the SupportItalia Guarantee from SACE S.p.A., and which was repayable in 18 quarterly installments as from 31 December 2024. The available line of credit, used to pay debts to its suppliers and subcontractors, had been entirely used at the end of the third quarter of 2024.
As at 30 September 2024, the residual debt for this loan amounted to € 12,000 thousand, and entailed the recognition of borrowing costs of € 317 thousand in the period.

ARTIGIANCASSA LOAN (REKEEP S.P.A.)

On 21 June 2018 the Company obtained a soft loan from the “Energy and Mobility Fund” of the Marche Regional Government, aimed at supporting the development of energy efficiency of healthcare units. This soft loan is disbursed partly in the form of an 8-year financing on the part of Artigiancassa S.p.A. for an initial amount of € 1,676 thousand, to which must be added an additional amount of € 186 thousand requested in December 2023, and a pre-amortization period of 12 months. The loan does not bear interest and provides for the payment of 14 six-monthly installments falling due on 31 March and 30 September of each year. As at 30 September 2024 the residual debt of this loan was equal to € 471 thousand (€ 785 thousand at 31 December 2023).

BANCA DI BOLOGNA S.P.A. LOAN (DUC GESTIONE SEDE UNICA SOCIETÀ CONSORTILE A R.L.)

The loan relating to DUC Gestione Sede Unica Società Consortile a r.l. showed a residual value of € 318 thousand at 30 September 2024 (€ 367 thousand at 31 December 2023). It was entered into by the subsidiary with Banca di Bologna S.p.A. to finance the construction of the PV system at the complex of the new headquarters of the unified services of the Municipality of Bologna. The bank disbursed the loan in 2008 for a total amount of € 1,020 thousand to be repaid in 20 years, in quarterly installments and at a rate equal to the IRS plus a spread of 0.70. The loan is not covered by covenants, and there are no derivatives attached to it.

OTHER BANK LOANS

No other loans with banks were reported at 30 September 2024 (unchanged compared to 31 December 2023).

CURRENT ACCOUNT OVERDRAFT, ADVANCE PAYMENTS AND HOT MONEY

As at 30 September 2024 this item showed a balance of € 37,218 thousand against an amount of € 27,549 thousand at the end of the previous year.
Bank overdrafts and advance payments are not backed by guarantees. Their management is linked to temporary cash requirements within inflows and outflows on the reporting date.

LEASE LIABILITIES

Obligations in place at 30 September 2024 for lease agreements, property and operating leases amounted to € 43,107 thousand against € 41,697 thousand at 31 December 2023.
During the year under review, new contracts were activated and lease payments were revalued for a present value, at the time of recognition, equal to € 6,623 thousand while contracts were early terminated for a residual value of € 1,442 thousand. The new contracts signed are related to motor vehicles, corporate fleet vehicles, equipment, plant and machinery (the latter mainly relating to Servizi Ospedalieri S.p.A., which uses them in

the laundering and sterilization production processes), in addition to property leases, including revaluations of rentals under already existing agreements.

SYNDICATED LOANS

This item refers to financing provided by the consortium members, which are minorities in the consortium companies included within the scope of consolidation, since they are owned or held in joint venture at 50%. In certain cases, these loans are non-interest-bearing loans and are repayable on request. In other cases, they have a contractually defined maturity and, in others, they do not have a contractually defined maturity but will essentially be repayable at the end of the long-term service contract, on the basis of which the consortium company was established. As at 30 September 2024 the overall balance of these loans amounted to € 711 thousand (€ 904 thousand at 31 December 2023).

DUE TO FACTORING AGENCIES

This item includes receipts from customers on receivables assigned within the factoring of trade receivables without recourse, for which the Group acts as the agent for the management of receipts on behalf of the factor. The amounts collected, equal to € 21,263 thousand at 30 September 2024 (€ 11,387 thousand at 31 December 2023), were transferred to the factor in the month after the end of the period.

OBLIGATIONS FROM ASSIGNMENTS OF RECEIVABLES WITH RECOURSE

Rekeep S.p.A. and Servizi Ospedalieri entered into an agreement for the assignment with recourse of trade receivables with Banca Sistema S.p.A. concerning receivables from Public Authorities during 2020.
In 2024 assignments with recourse were made with regard to trade receivables at a nominal value of receivables of € 37,375 thousand while the exposure was equal to € 15,421 thousand at 30 September 2024 (€ 18,183 thousand at 31 December 2023).

OBLIGATIONS ARISING FROM REVERSE FACTORING TRANSACTIONS

As from 2020 the Parent Company Rekeep S.p.A. entered into some reverse factoring lines, which ensure a greater amount of overdraft facilities with respect to payments to some suppliers. The overall exposure amounted to € 13,474 thousand at 30 September 2024 (€ 16,633 thousand at 31 December 2023).

OPTIONS ON SUBSIDIARIES' MINORITY SHAREHOLDINGS

The options on subsidiaries' non-controlling interests were recognized for an amount of € 38,687 thousand at 30 September 2024 (€ 19,545 thousand at 31 December 2023).

Of these an amount of € 36,734 thousand related to the fair value at the date of the Put option granted in favor of the minority shareholder of Rekeep Polska S.A. on 20% of the capital of the company acquired on 30

October 2019. The related strike price is calculated for an amount equal to the product between consolidated EBITDA on a 12-month basis for the quarter immediately preceding that exercise date by a multiple equal to 7.5x, as reduced by the consolidated net financial position and adjustments to Net Working Capital set out in the acquisition contract. Following the amendments to the investment agreements signed on 10 June 2024, this option may be exercised between 31 December 2027 and 31 December 2028, with the parties having the option to renew the agreement for an additional period of 3 years by exercising their right within 6 months of the expiry of the first period of exercise (deferring the period of exercise between 31 December 2030 and 31 December 2031). It should be noted that previously the period to exercise the option was set between 30 October 2024 and 30 October 2025.

As at 30 September 2024 there also was the recognition of the estimated liability linked to the Put option held by the minorities of Rekeep France S.a.s., whose shareholding of 30% was transferred to third parties on 15 January 2018 under an Investment Agreement signed in 2017.

DEBTS FOR THE ACQUISITION OF INVESTMENTS/BUSINESS UNITS

This item amounted to € 6 thousand at 30 September 2024 (€ 83 thousand at 31 December 2023). The item showed a decrease of € 77 thousand compared to the end of the previous year, following the payment of the residual debt of Rekeep Polska S.A. for the acquisition of the Polish company Ster-med S.p. z.o.o., which took place in 2023.

OTHER FINANCIAL LIABILITIES

As at 30 September 2024 other financial liabilities were recorded for € 1,328 thousand, against € 2,073 thousand at 31 December 2023. The balance of this item includes, among others, the price that the Parent Company Rekeep has paid to its controlling company MSC against the acquisition of the property lease agreements involving its registered office, in place with MPS Leasing & Factoring S.p.A., for a residual value of € 370 thousand at 30 September 2024 (against an initial debt of € 5,370 thousand, including VAT, € 1,550 thousand at 31 December 2023), as determined according to the positive differential between the value of the real estate complex and the residual debt resulting from the amortization schedules envisaged under the lease agreements.

Current and other financial assets

As at 30 September 2024 Current and other financial assets amounted to € 5,665 thousand (€ 15,545 thousand at 31 December 2023) and mainly included:

- the balance of pledged current accounts dedicated to the operation of the service for managing receipts within the scope of assignments of trade receivables without recourse, equal to € 2,604 thousand (€ 779 thousand at 31 December 2023);

- receivables for short-term loans and financial accounts held with non-consolidated Group companies for a total of € 1,024 thousand (€ 643 thousand at 31 December 2023);
- the balance of restricted current accounts stood at € 265 thousand (€ 12,350 thousand at 31 December 2023). On 9 February 2024 the Parent Company Rekeep S.p.A. obtained the full release of the sums paid and pledged as cash collateral for contracts for the supply of gas, in place at 31 December 2023 for € 12,350 thousand;

financial receivables for the assignment of the residual balance of tax credits for electricity and gas to the parent company MSC by some subsidiaries, amounting to € 630 thousand at 31 December 2023, were collected in full during the first quarter of 2024.

12. Employee termination indemnity

Below are the changes in the liabilities relating to Employee Termination Indemnity (TFR) in the first 9 months of 2024, compared with changes in the same period of the previous year.

	For the 9 months ended	
	30 September 2024	**30 September 2023**
AT 1 JANUARY	10,419	**9,970**
Additions for business combinations		75
Current service cost	969	976
Interest costs on benefit obligations	232	264
Benefits paid	(1,279)	(1,332)
Net actuarial (gains)/ losses	424	38
At 30 September	**10,765**	**9,991**

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

	For the 9 months ended	
	30 September 2024	**30 September 2023**
Current service cost	969	976
Interest costs on benefit obligations	232	264
Net cost of the benefit recognized in the statement of profit or loss	**1,201**	**1,240**
Net actuarial (gains)/ losses recognized in the period (on shareholders' equity)	424	38
Total cost of the benefit	**1,625**	**1,278**

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

	For the 9 months ended	
	30 September 2024	30 September 2023
Executives	79	68
Office workers	1,792	1,775
Manual workers	23,244	23,872
AVERAGE STAFF	**25,114**	**25,715**

13. Provisions for risks and charges

Below are reported the breakdown and changes in provisions for risks and charges for the period ended 30 September 2024:

	Risks on investments	Risks on job orders	Pending disputes	Tax litigation	Severance provisions	Other provisions	Total
At 1 January 2023	**408**	**16,465**	**25,900**	**447**	**638**	**10,541**	**54,398**
Accruals	0	542	2,499			197	3,238
Uses	0	(523)	(1,479)		(32)	(3,377)	(5,411)
Reversals	(269)	(145)	(439)			(643)	(1,495)
Others	(13)	749				(1,018)	(282)
At 30 September 2024	**126**	**17,088**	**26,482**	**447**	**606**	**5,700**	**50,448**
At 30 September 2024:							
Current	126	15,611	232	447	606	4,194	21,217
Non-current		1,476	26,249			1,505	29,231
At 31 December 2023:							
Current	408	14,989	272	447	638	5,953	22,707
Non-current		1,476	25,628			4,587	31,692

PROVISION FOR RISKS ON INVESTMENTS

The item, amounting to € 126 thousand (€ 408 thousand at 31 December 2023), includes the provision for unrecoverable future losses of Group companies and related for € 126 thousand to the subsidiary Alisei S.r.l.. In the first 9 months of 2024 reversals were also recorded for € 269 thousand, relating to Yougenio S.r.l. in

liquidation, since it exceeded the recoverable value from the winding-up of the company, which took place on 21 October 2024.

PROVISION FOR RISKS ON CONTRACTS

This provision includes, at consolidated level:

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

The balance at 30 September 2024 was equal to € 17,088 thousand (€ 16,465 thousand at 31 December 2023), up by € 623 thousand against accruals of € 542 thousand, uses and releases of € 668 thousand, and other changes of € 749 thousand.

PROVISIONS FOR PENDING LEGAL DISPUTES

At the reporting date of the financial statements, the risk was assessed for the Group to be required to pay future compensation in the event of losing cases in legal actions pending with customers, suppliers, employees and others. During the period ended 30 September 2024, the provision, totaling € 26,482 thousand (€ 25,900 thousand at 31 December 2023), reported increases for accruals for € 2,499 thousand, and decreases for uses and releases, totaling € 1,917 thousand.

Accruals were mostly recognized to cover risks of Parent Company Rekeep S.p.A. for € 1,670 thousand. Uses for the period, most of which were attributable to the Parent Company, relate to the use of provisions set aside in previous years against the settlement of disputes with suppliers and of actions with other parties.

On 20 January 2016 the Competition Authority ("AGCM") imposed on the Parent company Rekeep S.p.A. (formerly Manutencoop Facility Management S.p.A.) a fine of € 48.5 million due to the breach of competition rules on the part of some companies which had taken part in a European Union tender for cleaning services in school buildings called by CONSIP in 2012 ("Consip Scuole"). The fine was subsequently reduced to € 14.7 million and paid in full by the Company already during 2019.
On 7 January 2017 the Company served a writ of summons on the entity, asking the Ordinary Court of Rome to establish the unlawfulness of the notice of termination of the agreements and order Consip S.p.A. to compensate for any damage suffered by the Company. By a judgment filed on 30 May 2022, the Civil Court of Rome rejected our summons while declaring that the termination of the "Consip Scuole" agreements pursuant to Article 1456 of the Italian Civil Code ordered by Consip was legitimate. The Company, through its legal counsels, submitted an application for appeal, with the first hearing scheduled on 31 January 2023, which was rescheduled *ex officio* to 16 October 2023, and is currently retained for decision. The tender performance bond (initially equal to € 24.5 million) might also be actually enforced in part if the Company loses the case against Consip S.p.A.. ANAC has proceeded with the entry of the contract termination in its computerized records.

Subsequently, on 16 June 2017, Consip officially informed Rekeep S.p.A. of its own decision concerning the exclusion of the Company from the tenders for new agreements relating to cleaning services of barracks ("Consip Caserme") and to cleaning services with health service providers ("Consip Sanità"), with the intention also to confiscate, in this last case, the surety given by the Company during the tender for the amount of approximately € 10.4 million (known as "bid bond"). Both the Regional Administrative Court and the Council of State have confirmed the order of exclusion and, finally, by the Supreme Court, which, by an order published on 22 December 2021, rejected the judicial appeal submitted by the Company. In the meantime, Consip S.p.A. asked the guarantors to enforce the guarantees (bid bonds) provided in the interest of Rekeep for the Consip Sanità tender (equal to € 10.4 million) and Consip Caserme (equal to € 3.4 million). Rekeep S.p.A., with independent appeals and additional grounds, challenged these measures before the Lazio Regional Administrative Court, which rejected the appeals. By an order dated 22 March 2021 the Council of State suspended the enforcement of the judgment that had been appealed against; at the hearing on the merits held on 7 October 2021 the Council of State suspended the proceedings pending a decision on the part of the Constitutional Court as to a dispute regarding Consip's enforcement of provisional deposits against a competitor, during which objections were raised regarding constitutional legitimacy. On 26 July 2022, the Constitutional Court rejected the objections concerning constitutional legitimacy by judgment no. 198/2022. Therefore, following a request to schedule a hearing, the Council of State met for discussion on 2 February 2023 and ordered the suspension of the proceedings, pending a decision on the part of the European Court of Justice on preliminary issues submitted in another appeal (but overlapping with those raised by the defense counsels to the Company) and referred by the Council of State by order to the European Court. On 21 October 2024 the Council of State itself specified that it did not intend to maintain said referral, given that in the meantime the European Court of Justice had issued a ruling, on 26 September 2024, in joined cases C-403/23 and C-404/24, in which it had dealt with part of the preliminary issues submitted by the Council of State. Following that decision, the Company filed an application to set a hearing before the Council of State. However, a single-member board's Presidential decree suspending the challenged judgments was obtained in the meantime.

Finally, on 28 July 2020, one of the guarantors (Atradius) served on Rekeep an appeal before the Civil Court of Rome under Article 702-bis in order to obtain the payment of the sums relating to the sureties issued for the participation in the Consip Sanità tender, pending the enforcement on the part of Consip. At the first appearance hearing scheduled on 24 March 2021, the Court ordered for the summary procedure to be converted into ordinary procedure and for the parties to appear at the hearing scheduled on 21 September 2022: on that occasion further preliminary motions submitted by the opposing party were rejected and a hearing was set for the specification of conclusions on 21 June 2023; as a result of which, on 27 November 2023, the Court of Rome issued a ruling accepting in part the opposing party's claims, ordering Rekeep to provide in its favor a guarantee equal to the amount of the surety enforced by Consip and providing, in case of failure or delay in providing the guarantee, the application of a penalty ("astreinte") of € 500/day. On 19 April

2024 the Company submitted an appeal against the aforesaid judgment, and, on 23 May 2024 Atradius appeared in court. In an order filed on 3 October 2024, the Court of Appeals rejected the petition to stay the enforceability of the first-instance ruling and set a hearing for discussion on 3 June 2025.

Finally, on 6 March 2020 Consip S.p.A. informed the Company of the exclusion from the tender for the cleaning of museum premises (“Consip Musei”), with the intention of sending the document to ANAC, which may proceed with the entry in the electronic criminal records of “Useful information". On 13 March 2020 a request was also sent for the enforcement of the bid bond relating to this tender (equal to € 2.8 million). The Company challenged these orders before the Regional Administrative Court, which rejected the appeal. However, by an order of 11 March 2021 the Council of State granted the preliminary request submitted by the Company and suspended the enforcement of the judgment that had been appealed against. At the hearing held on 7 June 2022, the Council of State suspended the proceedings pending the filing of the Constitutional Court's decision, which, on 26 July 2022, rejected the objections on constitutional legitimacy by judgment no. 198/2022. Therefore, following a request to schedule a hearing, the Council of State met for discussing the substance of the matter on 29 November 2022 while considering the lawfulness of the order of exclusion from the Consip Musei tender and of enforcement of the bid bond. The Company filed an appeal for review before the Council of State, which ordered the suspension of the challenged order limited to the enforcement of sureties under an order dated 24 March 2023. At the hearing held on 23 May 2024 the Council of State suspended the proceedings.

The Consip Sanità, Consip Caserme and Consip Musei tenders did not generate consolidated Revenues until 30 June 2024 and were not included in the consolidated backlog at 30 June 2024.

In the Consolidated Financial Statements at 30 June 2024 the Directors already decided to maintain the provisions for future charges (equal to € 17.5 million), also taking account of the risk of enforcement of the abovementioned performance bond and bid bonds and despite the fact that Rekeep S.p.A. could submit sound arguments against the enforcement of the bonds in court.

The dispute concerning the fine imposed in relation to the FM4 Tender still continued during the year.
On 23 March 2017, the Competition Authority notified Rekeep S.p.A. (Manutencoop Facility Management S.p.A. at the time) of the start of an investigation procedure against the Company itself, as well as against CNS – Consorzio Nazionale Servizi Società Cooperativa, Dussmann Service S.r.l., Engie Servizi S.p.A. (formerly Cofely Italia S.p.A.), ManitalIdea S.p.A., Romeo Gestioni S.p.A. e STI S.p.A. and subsequently extended to Exitone S.p.A., Manital Società Consortile per i Servizi Integrati per Azioni Consorzio Stabile, Manital S.c.p.a., Gestione Integrata S.r.l., Kuadra S.r.l. in Liquidation, Esperia S.p.A., Engie Energy Services International SA, Veolia Energie International SA, Romeo Partecipazioni S.p.A., Finanziaria Bigotti S.p.A., Consorzio Stabile Energie Locali S.c.a.r.l. to ascertain whether those companies put in place a possible anti-

competitive agreement whose subject matter consisted of the coordination of the procedures for taking part in the tender called by Consip in 2014 for awarding the Facility Management services intended for properties mainly for office use of the Public Administration (known as “FM4 Tender”). On 9 May 2019, after the completion of the abovementioned proceedings, the Competition Authority served the final order, considering the existence of the agreement restricting competition between some of the abovementioned companies and imposing a sanction of € 91.6 million on the Company.

The Lazio Regional Administrative Court’s judgment of 27 July 2020 partially granted the appeal submitted by the Company: albeit confirming the Competition Authority’s Order as regards the merits, the Regional Administrative Court granted the request for redetermination of the fine, setting the relevant parameters. Subsequently, the Competition Authority therefore again set the new fine at € 79.8 million. The Company challenged both the Regional Administrative Court’s judgment before the Council of State and the order for the new calculation of the fine before the Regional Administrative Court. Finally, on 22 December 2020 the Competition Authority served on the Company its appeal against the abovementioned Lazio Regional Administrative Court’s order, while requesting the confirmation of the order on the FM4 tender, including the initial fine equal to € 91.6 million. On 20 January 2022, discussion on the merits was held before the Council of State, which rejected the appeal submitted by the Company by a judgment filed on 9 May 2022. Against the ruling, the Company filed an appeal for review before the Council of State on 10 June 2022, and an appeal before the Supreme Court on 8 July 2022, both of which were declared as being inadmissible. The Company, through its attorneys, brought an appeal before the European Court of Human Rights in connection with the judgment of the Council of State that settled the appeal by review, which, in a decision adopted on 25 January 2024, declared the appeal to be inadmissible. An appeal was also brought to the Court of Cassation against the judgment of the Council of State dismissing the appeal for review: at the end of the hearing, which was held on 11 June 2024, the Court declared the appeal to be inadmissible.

Rekeep S.p.A., also on the basis of what has been agreed with its lawyers and maintaining the position it has always taken on the matter, believes that the sanctioning order is completely groundless. The Company therefore considers that the measure is unjustified and declares that it is sure of the absolute correctness of its conduct and of having always acted in compliance with the market rules applicable to the Consip FM4 Tender.

As regards the effects on the financial statements, the Directors recognized the debt and the related cost associated with the expected financial outlay for an amount of € 79,800 thousand as early as from the financial statements at 31 December 2020, given the enforceability of the fine and while continuing to rely on the reasonableness of the defense arguments, as stated in the final order of the Competition Authority and entered in the taxpayers’ list on the part of the Revenue Agency. For the payment of the debt, the Company applied for and obtained from the Revenue Agency a plan initially providing for 72 monthly instalments, and expiring in December 2025, and finally updated on 19 April 2024, with the extension of the previous instalment payment plan obtained through the submission of a new plan of 62 monthly instalments expiring in May 2029. At 30

September 2024 the residual debt amounted to € 42,840 thousand, of which an amount of € 6,238 thousand expiring within 1 year. See notes 15 and 16 below for more details on the stated liability.

Furthermore, on 28 June 2019 Consip S.p.A. served on Rekeep S.p.A. the order providing for its exclusion from the FM4 Tender due to the breach of Article 38, paragraph 1.f, of Legislative Decree 163/2006, as well as of Article 68 of Royal Decree 827/1924 and of Article 38, paragraph 2, of Legislative Decree 163/2006, while notifying the enforcement of the provisional guarantees provided by Rekeep S.p.A. in tendering (equal to € 3.9 million). With regard to this exclusion, ANAC initiated a procedure under Article 38, paragraph 1-ter, of Legislative Decree no. 163/2006. On 3 July 2019 Rekeep S.p.A. filed an appeal with the Lazio Regional Administrative Court in order to seek the annulment of the acts of Consip S.p.A., scheduling the hearing in chambers for the decision on the preliminary request on 11 September 2019. On that occasion the Lazio Regional Administrative Court partially granted the preliminary request against the order issued by Consip S.p.A., providing on 10 July 2019 for the suspension of only the enforcement of the temporary guarantees until the hearing on the merits scheduled on 15 July 2020, and subsequently postponed on several occasions until 13 July 2022. On 18 July 2022 a partial judgment was filed, in which the Regional Administrative Court found that the Company's exclusion from participation in the FM4 tender was legitimate, while it suspended the proceedings regarding the enforcement of the surety bond pending the filing of the aforesaid decision of the Constitutional Court, which, on 26 July 2022, ruled by rejecting the issue of constitutional legitimacy by judgment no. 198/2022: therefore, the Regional Administrative Court set the hearing on the merits for the discussion about the enforcement of the surety bond for the hearing on 9 November 2022. On 16 November 2022 the Rome Regional Administrative Court rejected the appeal by “final” judgment no. 15201/22. On 18 January 2023 the Company filed an appeal against this judgment: following the granting of the request for precautionary measures for the suspension discussed at the hearing on 2 February 2023, the Council of State, by an order dated 30 August 2023, ordered, at the hearing on 18 May 2023, a stay of proceedings until the outcome of the decisions of the European Court of Justice on preliminary questions raised in another appeal. However, the Council of State set a new hearing on 8 February 2024, which was postponed to 9 May 2024 and, then, further postponed to 9 January 2025, in order to discuss the legality of the suspension by referral to the European Court, since it occurred at a hearing other than the one at which the question of legality had arisen. On 21 October 2024 the Council of State itself specified that it did not intend to maintain said referral, given that in the meantime the European Court of Justice had issued a ruling, on 26 September 2024, in joined cases C-403/23 and C-404/24, in which it had dealt with part of the preliminary issues submitted by the Council of State. Following that decision, the Company filed an application to set a hearing before the Council of State.

At the same time, on 9 November 2022 the Company appealed against the partial judgment whereby the Regional Administrative Court ruled on the lawfulness of the order of exclusion from the tender: the hearing for the discussion of the merits, finally scheduled on 9 November 2023, was adjourned by the Council of State to 20 June 2024 and then retained for decision.

On 4 November 2019 the Company submitted an appeal to the Lazio Regional Administrative Court against the proceedings initiated by ANAC, which, at present, have been removed from the docket in consideration of

the fact that on 24 January 2020 ANAC ordered to suspend the proceedings while waiting for the settlement of the disputes brought in first instance before the Regional Administrative Court for the Competition Authority's Consip FM4 orders and the exclusion from the Consip FM4 tender. In this regard, in a decision dated 5 November 2024, the Lazio Regional Administrative Court declared that the appeal was inadmissible because the challenged act, i.e. the initiation of the procedure by ANAC, is only a preparatory act that is carried out before the final measure. Potential revenues relating to the FM4 Tender have never been included in the Rekeep Group's backlog.

In assessing the going-concern assumption, the Directors took into account what has been described regarding the Competition Authority's order, finding no uncertainties. For more details, please refer to paragraph 2.3 above, "Discretionary assessments, assumptions and significant accounting estimates".

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

PROVISION FOR TERMINATION EMPLOYEE BENEFITS

This provision has been set aside to include the amounts due for severance and employee redundancy costs, as part of various restructuring plans implemented by some Group companies over the last few years. The provision recorded a balance equal to € 606 thousand at 30 September 2024 (€ 638 thousand at 31 December 2023) against uses of € 32 thousand for the period.

PROVISION FOR TAX DISPUTES

At 30 September 2024 the provision amounted to € 447 thousand, unchanged compared to the previous year.

OTHER PROVISIONS FOR RISKS AND CHARGES

The provision, amounting to € 5,700 thousand at 30 September 2024, showed a decrease of € 4,841 thousand compared to 31 December 2023 (€ 10,541 thousand) as a result of provisions for € 197 thousand, uses for € 3,377 thousand, and releases and other changes totaling € 1,661 thousand.

The balance of the item includes, among others, the provision for charges recognized in 2023 by subsidiary Rekeep Saudi CO Ltd for charges that are expected to be incurred due to the opening of international arbitration proceedings against its customer OPS LLC in May 2023, and the conclusion of the Metro Riyadh service agreement in July 2023 and the resulting reduction in the workforce and business operations that will be implemented gradually until the completion of the arbitration procedure, which is expected to take place in the 2025 financial year). The residual provision amounted to € 2,717 thousand at 30 September 2024 (€ 6,107 thousand at 31 December 2023), following uses of € 3,259 thousand in the period.

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 brief on the status of the case with the Arbitration Court while on 1 May 2024 the opposing party OPS filed its statement of defense. On 18 September 2024 Rekeep Saudi and Rekeep filed thier statement of reply to the Statement of Defense - Counterclaim, contesting what the opposing party had filed. The opposing party OPS may file its statement of reply by 21 November 2024.

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

The item also includes the provision recorded by subsidiary Servizi Ospedalieri, amounting to € 451 thousand at 30 September 2024, 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 in 2022 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". First of all, the legislation set, as from 2015, an expenditure ceiling for the Regions in relation to the purchase of medical devices, amounting to 4.4% of the National Health Fund (NHS), while obliging the relevant supplier companies to bear excess expenses, certified by each Regional Government, through the payment of a sum proportional to the share of the spending overrun. On 22 July 2024, the Constitutional Court, called upon by the Lazio Regional Administrative Court to assess the constitutional legality of the relevant provisions, rejected the appeals while declaring the legislation unconstitutional in the part that obliged companies to waive litigation in order to obtain a 48% discount on the amount claimed, extending the benefit to all businesses affected by the legislation. Following this ruling, the case will have to be resumed before the Lazio Regional Administrative Court in the coming months. In the meantime, it should be noted that the orders already issued by the Regional Governments to claim the amounts due under the regulations are suspended. The provision recognized in the

financial statements is Management's best estimate of the amounts accrued in previous years, which are expected to be reimbursed to each Regional Government.

In addition to the "Medical Device Payback", the Ministerial Decree of 29 December 2023, issued by the Ministry of Health in agreement with the Ministry of Economy and Finance, added a new form of contribution to be paid by companies producing or distributing medical devices, and large in-vitro diagnostic medical equipment and devices, which are required, from 1 November to 31 December of each year, to pay an annual fee equal to 0.75% of the annual turnover (net of VAT) from the sale of such products to the National Health System, subject to self-declaration by 31 December of each year. The subsidiary Servizi Ospedalieri, as well as other market players, filed an appeal with the Regional Administrative Court on 9 April 2024, which set a "pilot" hearing on 2 December 20024. The amounts due in relation to this regulatory provision are set aside by the subsidiary in a specific provision amounting to € 124 thousand at 30 September 2024. For the sake of completeness, it should be noted that the subsidiaries Medical Device and UJET are also subject to the same regulatory provision, and have lodged an appeal, setting aside a provision for a total amount of € 8 thousand at 30 September 2024.

14. Contingent liabilities

As at the date of approval of the Consolidated Interim Financial Statements at 30 September 2024, contingent liabilities had not arisen for the Rekeep Group which had not been recognized in the accounts, for which the Management believes that the related financial risks can be regarded as possible but unlikely or for which these risks cannot be quantified and recognized in the financial statements at 30 September 2024.

15. Other non-current liability items

Below is the breakdown of other non-current liabilities at 30 September 2024 and at 31 December 2023:

	30 September 2024	31 December 2023
Other non-current liabilities	36,687	85
Other non-current liability items	**36,687**	**85**

The item mainly includes the medium- to long-term portion of the residual debt of the liability stated by the Parent Company Rekeep S.p.A. following the service of the updated Competition Authority's sanctioning order regarding the Consip FM4 tender, and the Revenue Agency's subsequent registration, in the taxpayer's list, of the amounts requested, subject to an installment payment plan, as lastly updated on 19 April 2024, and consisting of 62 monthly installments due in May 2029. Before changing the pre-existing installment payment plan, in April 2024 the Parent Company arranged for the payment of some of the overdue and unpaid

installments by virtue of the suspension provided for by the legislative measures enacted during the Covid-19 emergency (Decree Law no. 18 of 17 March 2020, governing "Measures to strengthen the National Health Service and to provide financial support to households, workers and businesses related to the COVID-19 epidemic emergency", "Cure Italy Decree") and became due on 31 August 2021, incurring a total outlay of € 7.2 million (€ 6.8 million on account of principal and € 0.4 million in collection charges). The additional suspended installments, remaining as of 19 April 2024, were rescheduled under the new installment payment plan mentioned above.

Therefore, the total residual debt at 30 September 2024 was € 42,840 thousand, of which an amount of € 36,602 thousand is due after 1 year from the reporting date for the third quarter of 2024, as reflected in the latest installment payment plan received. The remainder, due within 1 year from the end of the period, is reclassified under "Other current payables", for which see Note 16 below. It should be noted that as of the date of this document, the Parent Company had no overdue and unpaid installments with regard to the Competition Authority's FM4 fine.

16. Trade payables, contract liabilities and other current liabilities

The table below sets forth the breakdown of the item at 30 September 2024 and 31 December 2023:

	30 September 2024	of which to related parties	31 December 2023	of which to related parties
Trade payables	334,686		358,781	
Trade payables due to third parties	**334,686**	**0**	**358,781**	**0**
Trade payables to **MSC S.p.A.**	2,712	2,712	1,983	1,983
Trade payables to associates, affiliates and joint ventures	34,856	34,734	35,342	35,342
Trade payables to the Group	**37,568**	**37,446**	**37,325**	**37,325**
Advances from customers, including contract liabilities	41,946	61	26,852	603
Trade payables and contract liabilities	**414,200**	**37,507**	**422,958**	**37.928**
Fees due to directors and statutory auditors	474		289	
Tax payables	8,003		8,997	
Payables to social security institutions within 12 months	16,678		16,597	
Other payables to TJA ("*Associazione Temporanea di Imprese*")	4,281		7,114	
Payables to employees within 12 months	70,702		59,420	
Other payables within 12 months	23,965		76,512	
Property collection on behalf of customers	2,176		2,176	

	30 September 2024	of which to related parties	31 December 2023	of which to related parties
Other current operating payables to third parties	**126,279**	**0**	**171,105**	**0**
Other current payables to **MSC S.p.A.**	48	48	48	48
Other payables to associates, affiliates and joint ventures	40	40	42	42
Other current payables to the Group	**88**	**88**	**90**	**90**
Accrued expenses	409		801	
Deferred income	385		99	
Accrued expenses and deferred income	**794**	**0**	**900**	**0**
Other current liabilities	**127,161**	**88**	**172,095**	**90**

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

Trade payables and contract liabilities at 30 September 2024 amounted to € 414,200 thousand against a balance of € 422,958 thousand at 31 December 2023, showing a decrease of € 8,758 thousand in the first 9 months.

These amounts include trade payables to the Group, amounting to € 37,446 thousand (€ 37,325 thousand at 31 December 2023), as well as advances of € 61 thousand (€ 603 thousand at 31 December 2023). For more details, reference should be made to Annex III – Related-Party transactions.

Other current operating payables showed a balance of € 127,161 thousand at 30 September 2024 (€ 172,095 thousand at 31 December 2023) and are mainly made up of the following items:

- payables to employees of € 70,702 thousand (€ 59,420 thousand at 31 December 2023) including the current monthly salaries to be paid in the months after the end of the financial year, as well as payables for additional monthly salary to be paid (a portion of the 14th salary, to be paid every year in the month of July, and of the 13th salary, to be paid every year in December). Furthermore, the corresponding payables to social security institutions were recognized for € 16,678 thousand (€ 16,597 thousand at 31 December 2023);
- payables due to tax authorities for € 8,003 thousand mainly relating to the balance of payables for VAT payments on the part of some Group companies and of the IRPEF (Personal Income) tax payable for employees (€ 8,997 thousand at 31 December 2023);
- collections on behalf of Temporary Associations of Companies (TJA) for € 4,281 thousand, which relate to the amounts collected by the Group, on behalf of third parties, mainly relating to job orders under CONSIP agreement (€ 7,114 thousand at 31 December 2023);

- the short-term portion, amounting to € 6,238 thousand, of the residual debt at 30 September 2024 for the Competition Authority's FM4 fine totaling € 42,840 thousand. The remaining portion, maturing more than 1 year from the end of the period, is reclassified under "Other non-current liabilities" (see Note 15 above for more details). As at 31 December 2023, the item included instead the entire amount of the residual debt resulting from the previous installment payment plan of the fine, amounting to € 55,172 thousand.

17. Commitments and guarantees

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

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

The tables below report the breakdown of the amounts of future payments under lease agreements and their present value at 30 September 2024 and 31 December 2023:

	30 September 2024		31 December 2023	
	Lease payments	Present value of lease payments	Lease payments	Present value of lease payments
Within one year	13,074	11,505	12,287	10,978
From one year to five years	27,840	25,290	28,668	25,604
After five years	7,437	6,312	5,586	5,115
TOTAL LEASE FEES	**48,351**	**43,107**	**46,540**	**41,697**
Financial costs	(5,244)		(4,843)	
PRESENT VALUE OF LEASE FEES	**43,107**	**43,107**	**41,697**	**41,697**

Furthermore, as at 30 September 2024, the Group granted sureties to third parties for:

- guarantees against financial obligations amounting to € 1,671 thousand (€ 4,326 thousand at 31 December 2023), of which € 627 thousand issued in the interest of associates for bank overdrafts and other financial obligations (€ 697 thousand at 31 December 2023);

- sureties granted to third parties to ensure the proper fulfillment of contract obligations in place with customers, amounting to € 340,013 thousand (31 December 2023: € 349,981 thousand), of which € 7,736 thousand issued in the interests of associates (€ 3,904 thousand at 31 December 2023);
- other guarantees granted by third parties in favor of associates, joint ventures and other equity investments for € 11,074 thousand (€ 7,454 thousand at 31 December 2023);
- other guarantees granted to third parties to replace security deposits required to activate utilities or to execute lease agreements, as well as to customers as security for contract advances, and to the Revenue Agency for VAT refunds, for a total amount of € 59,058 thousand (€ 105,341 thousand at 31 December 2023).

GUARANTEES ARISING FROM THE SENIOR SECURED NOTES ISSUE LAUNCHED IN 2021 AND FROM THE SUPER SENIOR REVOLVING LOAN AGREEMENT

As reported in note 11 above, in 2021 Rekeep S.p.A. launched a bond issue of Senior Secured Notes for a total nominal amount of € 370 million, due 2026, an annual fixed coupon of 7.25% (payable on a six-monthly basis on 1 February and 1 August, as from 1 August 2021), and non-callable repayment until 1 February 2023. At the same time as the launch of the bond issue, Rekeep S.p.A. signed a new revolving loan agreement that will guarantee a senior secured line of credit ("RCF") for an amount of up to € 75 million, to be used for general purposes and to manage the working capital of the Issuer and Servizi Ospedalieri S.p.A..

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

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

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

The guarantees listed above may be called by the counterparties only in the case that one of the events of default envisaged in the abovementioned contracts occurs; up to the occurrence of the same, the assets covered by the guarantee are fully available to the Rekeep Group companies. No events of default had occurred as at 30 September 2024.

18. Risk management

FINANCIAL RISK MANAGEMENT

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

On 18 January 2021, Rekeep S.p.A. completed the issue at par of Senior Secured Notes for a total nominal amount of € 350 million, due 1 February 2026, an annual fixed coupon of 7.25% (payable on a six-monthly basis on 1 February and 1 August, as from 1 August 2021) and non-callable repayment until 1 February 2023. The stock was admitted for listing on the EURO MTF multilateral trading facility managed by the Luxembourg Stock Exchange and on the ExtraMOT multilateral trading facility, PRO segment, organized and managed by Borsa Italiana S.p.A.. On 9 February 2021, the Company also issued additional Senior Secured Notes with a par value of € 20 million at an issue price of 102.75% plus an amount equal to the interest that would have accrued on the Notes until (and excluding) 9 February 2021 in the event of them being issued on 28 January 2021. These Notes are regulated by the same terms and conditions as those issued previously (annual rate of 7.25% and due 2026) and will be formally registered in the same series as the latter ones.

The other traditional financing instruments used by the Group Companies are made up of:

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

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

The Group's debt was € 536,617 thousand at 30 September 2024, up compared to 31 December 2023 (€ 460,987 thousand) and 31 December 2022 (€ 449,776 thousand) due to the gradual growth of the Group, as well as the structural and economic trends observed in the business in which it operates. Furthermore, in the first half of 2024, the increase in net financial debt was mainly attributable to two factors: (i) an increase in the value of the contingent liability for the Put option on the acquisition of the additional 20% stake in the share capital of subsidiary Rekeep Polska, following the adjustment to its fair value according to the new business plan, attached to the amendment to the agreements with the minority shareholder, which show an improvement in the sub-group's expected results; and (ii) the recovery of certain overdue and unpaid installments in relation to the debt for the Competition Authority's "FM4" fine, upon the issuance of a new installment payment plan

on the part of the Revenue Agency. For more details regarding the Directors' assessments of the level of debt at 30 September 2024, detailed in Note 11 above, and its evolution, as well as the going concern assumption, please refer to paragraph 2.3 “Discretionary assessments, assumptions and significant accounting estimates” above.
The Directors monitor current cash flows and the Parent Company and other Group companies’ ability to generate prospective cash flows on an ongoing basis in order to effectively and efficiently meet the commitments they have undertaken.

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

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

The table below shows the hierarchical levels for each class of financial asset measured at fair value on 30 September 2024 and 31 December 2023:

		Hierarchy levels				Hierarchy levels		
	30 September 2024	Level 1	Level 2	Level 3	31 December 2023	Level 1	Level 2	Level 3
Financial assets measured at fair value through profit or loss								
Financial assets, securities and other non-current financial assets	**1,101**	101		1,000	**1,101**	101		1,000
- of which securities	**1,101**	101		1,000	**1,101**	101		1,000
Available for sale financial assets								
Financial assets and other current financial assets	**159**		159		**211**		211	
- of which securities	**159**		159		**211**		211	
- of which hedging derivatives	**0**				**0**			
- of which non-hedging derivatives	**0**				**0**			
TOTAL FINANCIAL ASSETS	**1,260**	**101**	**159**	**1,000**	**1,312**	**101**	**211**	**1,000**

Any additional financial assets resulting from the Statement of Financial Position were not measured at fair value. The Group had no financial liabilities measured at fair value as at 30 September 2024 and 31 December

2023. During the financial year under consideration, there were no transfers from one fair value measurement level to another.

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

CAPITAL MANAGEMENT

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

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

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

	30 September 2024	31 December 2023
Employee termination indemnity	10,765	10,419
Interest-bearing financial loans	491,546	493,222
Trade payables and contract liabilities	414,200	422,958
Other current liabilities	127,161	172,095
Other current financial liabilities	79,641	60,122
Cash and cash equivalents	(28,905)	(76,812)
Other current financial assets	(5,665)	(15,545)
Net financial indebtedness	**1,088,743**	**1,066,459**
Equity attributable to the Group	39,212	55,486
Undistributed net result	16,163	13,221
Total capital	**55,375**	**68,707**
EQUITY AND NET DEBT	**1,144,118**	**1,135,166**
INDEBTEDNESS RATIO	**95.2%**	**93.9%**

The debt ratio at 30 September 2024 was equal to 95.2%, showing an increase compared to 31 December 2023, due to the effect of an increase in net debt (+22.3%), and the concurrent decrease in consolidated equity (-13.3%).

19. Operating segments

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

FACILITY MANAGEMENT SBU

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

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

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

Cleaning activity includes cleaning and hygiene services, sanitation, disinfection, pest control and rat extermination, collection, transport and disposal of hospital waste and employs the highest number of Group employees.
The so-called "technical services" encompass the management, running and maintenance services of property-related systems (including heating and air conditioning systems, electrical systems, fire prevention and safety systems), including therein:

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

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

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

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

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

- mailing and document management services (H2H Document Solutions S.r.l., formerly Telepost S.r.l.);
- facility services in the field of applications, management and sourcing (H2H Digital Solutions S.r.l., formerly Rekeep Digital S.r.l.);
- facility services in the field of infrastructure and transport (Rekeep Rail S.r.l.).

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

LAUNDERING & STERILIZATION SBU

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

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

The results of operations by segment for the periods ended 30 September 2024 and 30 September 2023:

	Facility Management	Laundering & Sterilization	Eliminations	Total
Segment Revenues	798,682	109,750	(12,428)	896,004
Segment costs	(751,961)	(105,708)	12,428	(845,241)
Operating income (loss) by segment	**46,721**	**4,042**	**0**	**50,763**
Share of net profit of associates	423	(88)		335
Net financial income (charges)				(55,593)
Profit before tax				**(4,496)**
Income taxes				(10,959)
NET RESULT FOR THE PERIOD ENDED 30 SEPTEMBER 2024				**(15,455)**

	Facility Management	Laundering & Sterilization	Eliminations	Total
Segment Revenues	769,314	113,766	(12,884)	870,197
Segment costs	(726,860)	(108,206)	12,884	(822,182)
Operating income (loss) by segment	**42,454**	**5,560**	**0**	**48,014**
Share of net profit of associates	(120)	222		102
Net financial income (charges)				(37,705)
Profit before tax				**10,412**
Income taxes				(9,997)
NET RESULT FOR THE PERIOD ENDED 30 SEPTEMBER 2022				**415**

Below are reported the data related to assets and liabilities by operating segments of the Group at 30 September 2024 and 31 December 2023:

	Facility Management	Laundering & Sterilization	Eliminations	Total
Assets allocated to the segment	647,825	148,080	(10,974)	784,930
Goodwill	390,366	16,183		406,550
Investments	13,851	3,521		17,372
Other assets not allocated and related taxes				63,654
SEGMENT ASSETS AT 30 SEPTEMBER 2024	**1,052,042**	**167,784**	**(10,974)**	**1,272,505**

	Facility Management	Laundering & Sterilization	Eliminations	Total
Liabilities allocated to the segment	550,745	62,806	(10,974)	602,577
Other liabilities not allocated and related taxes				623,597
SEGMENT LIABILITIES AT 30 SEPTEMBER 2024	**550,745**	**62,806**	**(10,974)**	**1,226,175**

	Facility Management	Laundering & Sterilization	Eliminations	Total
Assets allocated to the segment	597,171	153,697	(12,214)	738,653
Goodwill	390,516	16,183		406,700
Investments	13,914	3,841		17,755
Other assets not allocated and related taxes				126,955
SEGMENT ASSETS AT 31 DECEMBER 2023	**1,001,601**	**173,721**	**(12,214)**	**1,290,062**
Liabilities allocated to the segment	605,306	66,779	(12,214)	659,871
Other liabilities not allocated and related taxes				568,190
SEGMENT LIABILITIES AT 31 DECEMBER 2023	**605,306**	**66,779**	**(12,214)**	**1,228,061**

20. Related-party transactions

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

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

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

Finally, in certain cases the Parent Company provides and performs technical services and works for individuals who hold top management positions within the Group, according to contracts entered into at arm's length. Contract assets against these services were recognized at 30 September 2024, totaling € 2,433 thousand (€ 1,353 thousand at 31 December 2023).

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

- MSC S.p.A. sub-leased to Rekeep S.p.A. the part of the property located in Mestre (VE), via Porto di Cavergnago no. 6, for office use. The lease has a term of six years and is tacitly renewable; as from 1 January 2023, it was added to by a further agreement with a term of 5 years. Annual rent is equal to a total of € 364 thousand, to be paid in 12 monthly installments.
- Rekeep S.p.A. signed agreements with MSC and the other Group companies for the provision of tax consultancy services;
- in January 2024, some Group companies also entered into a contract for the provision of accounting, administrative and tax consulting services with Bologna Service Consulting STP S.r.l., which is invested in by Sacoa S.r.l., a company forming part of the Group of parent company MSC S.p.A..

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

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

Zola Predosa, 14 November 2024

The Chairman

Claudio Levorato

Annex I

Group companies

Parent company

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

Subsidiaries consolidated on a line-by-line basis

Name	Registered Office	City	% Held	Currency
Bologna Strade Soc. Cons. a r.l.	Via Ubaldo Poli no. 4	Zola Predosa (BO)	54.37%	Euro
C-Food Polska Sp. z o.o.	ul. Traktorowa 126/201, 91-204	Lodz (Poland)	100%	PLN
Catermed Sp. z o.o.	ul. Traktorowa n. 126/201, 91-204	Lodz (Poland)	100%	PLN
Cefalù Energia S.r.l.	Via Ubaldo Poli no. 4	Zola Predosa (BO)	100%	Euro
Consorzio Stabile CMF	Via Bolzano no. 59	Trento (TN)	98.72%	Euro
DUC Gestione Sede Unica Soc.cons.r.l.	Via Ubaldo Poli no. 4	Zola Predosa (BO)	71%	Euro
EOS Hijyen Tesis Hizmetleri Saglik Insaat Servis Muhendislik A.S.	Üniversiteler Mahallesi, Bilkent Plaza, A3 Blok, n. 4	Çankaya/ Ankara	51%	TRY
Ferraria Soc. cons. a r.l.	Via Ubaldo Poli no. 4	Zola Predosa (BO)	69%	Euro
H2H Cleaning S.r.l.	Via Ubaldo Poli no. 4	Zola Predosa (BO)	100%	Euro
H2H Facility Solutions S.p.A.	Via Ubaldo Poli no. 4	Zola Predosa (BO)	100%	Euro
H2H Digital Solutions S.r.l.	Via Ubaldo Poli no. 4	Zola Predosa (BO)	100%	Euro
H2H Document Solutions S.r.l.	Via Ubaldo Poli no. 4	Zola Predosa (BO)	100%	Euro
Infrastrutture Lombardia Servizi Soc.Cons. a r.l.	Via Ubaldo Poli no. 4	Zola Predosa (BO)	60%	Euro
I.SO.F. S.r.l.	Via Ubaldo Poli no. 4	Zola Predosa (BO)	100%	Euro
ISOM Lavori Soc.Cons. a r.l.	Via Ubaldo Poli no. 4	Zola Predosa (BO)	62.71%	Euro
ISOM Gestione Soc.Cons. a r.l.	Via Ubaldo Poli no. 4	Zola Predosa (BO)	52.97%	Euro
IZAN+ sp. z o.o.	ul. Żabiniec n. 46, 31-215	Krakow (Poland)	100%	PLN
JOL-MARK sp. z o.o.	ul. Portowa n. 16G, 44-100	Gliwice (Poland)	100%	PLN
KANARIND Soc.Cons. a r.l.	Via Ubaldo Poli no. 4	Zola Predosa (BO)	62.43%	Euro

Name	Registered Office	City	% Held	Currency
Kolumna Transportu Sanitarnego Triomed sp. z o.o.	ul. Probostwo n 4	Lublin (Poland)	100%	PLN
Medical Device S.r.l.	Via della Tecnica no.52	Montevarchi (AR)	60%	Euro
Monasterio Energia S.r.l.	Via dei Colatori no. 12	Sesto Fiorentino (FI)	60%	Euro
Naprzód Catering sp. z o.o.	ul. Stefana Banacha 1A, 02-097	Warsaw (Poland)	100%	PLN
Naprzód Hospital sp. z o.o.	ul. Traktorowa 126/301, 91-204	Lodz (Poland)	100%	PLN
Naprzód Inwestycje sp. z o.o.	ul. Traktorowa 126/301, 91-204	Lodz (Poland)	100%	PLN
Naprzód Marketing sp. z o.o.	ul. Traktorowa 126/301, 91-204	Lodz (Poland)	100%	PLN
Naprzód Service sp. z o.o.	ul. Traktorowa 126/202, 91-204	Lodz (Poland)	100%	PLN
Progetto Sintesi Soc. Cons. a r.l.	Via Ubaldo Poli no. 4	Zola Predosa (BO)	60%	Euro
Rekeep Facility S.a.s.	52, Boulevard de Sebastopol	Paris	100%	Euro
Rekeep Facilities Management LLC	Rasis Business Centre, Makani No, 18353 78040 - Al Barsha First	Dubai (United Arab Emirates)	100%	AED
Rekeep France S.a.s.	52, Boulevard de Sebastopol	Paris	93.07%	Euro
Rekeep Mobilites S.a.s.	11 bis Rue de Moscou	Paris	100%	Euro
Rekeep Santè S.a.s.	11 bis Rue de Moscou	Paris	100%	Euro
Rekeep Polska S.A.	ul. Traktorowa 126/301, 91-204	Lodz (Poland)	80%	PLN
Rekeep Rail S.r.l.	Via Ubaldo Poli no. 4	Zola Predosa (BO)	100%	Euro
Rekeep Saudi Arabia Ltd	P.O Box 230888, K.S.A., 28th floor, Kingdom Tower	Riyadh (Saudi Arabia)	100%	SAR
Rekeep Superfood sp. z o.o.	91-204 Lodz, ul. Traktorowa 126	Krakow (Poland)	100%	PLN
Rekeep Transport S.a.s.	4 place Louis Armand-Tour de l'Horloge	Paris	100%	Euro
Rekeep World S.r.l.	Via Ubaldo Poli no. 4	Zola Predosa (BO)	100%	Euro
S.AN.GE S.c.a.r.l.	Viale Sarca no. 336 – Strada Privata Breda – Edificio 12	Milan	100%	Euro
San Gerardo Servizi Soc. Cons. a r.l.	Via Ubaldo Poli no. 4	Zola Predosa (BO)	60%	Euro
Servizi Ospedalieri S.p.A.	Via Calvino no. 33	Ferrara	100%	Euro
Servizi Sanitari Sicilia Soc. Cons. a r.l.	Via Calvino no. 33	Ferrara	70%	Euro
Ster-med sp. z o.o.	ul. Plk. Stanislawa Dabka 16,30-372	Krakow (Poland)	90%	PLN
Tecnopolo Energy service S.r.l.	Via Ubaldo Poli no. 4	Zola Predosa (BO)	84%	Euro
Treviso GS4 Soc. Cons. a r.l.	Via Ubaldo Poli no. 4	Zola Predosa (BO)	67.20%	Euro
U.Jet Romania Private Limited Company	str. Garii n. 10	Sighetu Marmatiei (Romania)	100%	RON
U.Jet S.r.l.	Via San Francescuccio dè Mietitori no. 32	Bastia Umbra (PG)	60%	Euro

Joint ventures accounted for under the equity method

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

Associated and other companies accounted for under the equity method

Name	Registered Office	City	% Held	Currency
2LOW S.r.l. in liquidation	Via Farini no. 6	Bologna	20.09%	Euro
Alisei S.r.l. in liquidation	Via Cesari no. 68/1	Modena	100%	Euro
ARIENES Soc. Cons. a r.l.	Via Nubi di Magellano no. 30	Reggio Emilia	35%	Euro
BGP2 Soc. Cons. r.l.	Via Giovanni Papini no. 18	Bologna	41.17%	Euro
Centro Europa Ricerche S.r.l.	Via G. Zanardelli no. 34	Rome	21.38%	Euro
Consorzio Igiene Ospedaliera Soc. Cons. a r.l. in liquidation	Via Ubaldo Poli no. 4	Zola Predosa (BO)	66.66%	Euro
Consorzio Sermagest Soc. Cons. a r.l. in liquidation	Via Filippo Corridoni no. 23	Rome	60%	Euro
Energy Center TP Soc. Cons. a r.l.	Via della Cooperazione no. 16	Bologna	35%	Euro
Fondazione Ricerca, Scienze Neurologiche Azienda USL di Bologna	Via Altura no. 3	Bologna	21.08%	Euro
Gestione Servizi Taranto Soc. Cons.a r.l.	Via Ubaldo Poli no. 4	Zola Predosa (BO)	47%	Euro
Gestione Strade Soc. Cons.a r.l.	Strada Manara no. 64/B	Parma	25%	Euro
Global Oltremare Soc. Cons. r.l. in liquidation	Via Ubaldo Poli no. 4	Zola Predosa (BO)	60%	Euro
Global Vicenza Soc. Cons. a r.l.	Via Grandi no. 39	Concordia Sulla Secchia (MO)	41.25%	Euro
Gymnasium Soc. Cons. r.l. in liquidation	Via Ubaldo Poli no. 4	Zola Predosa (BO)	68%	Euro
GR.A.AL. Soc. Cons. a. r.l.	Via Guelfa no. 76	Bologna	29.926%	Euro
Imola Verde e Sostenibile Soc. Cons. a r.l.	Via S. Allende no. 39	Bologna	30%	Euro
Iniziative Produttive Piemontesi S.r.l.	Corso Einaudi no. 18	Turin	24.75%	Euro
Logistica Ospedaliera Soc. Cons. a r.l. in liquidation	Via C. Alberto Dalla Chiesa no. 23/I	Caltanissetta (CL)	45%	Euro
Logistica Sud Est Soc.Cons. a r.l. in liquidation	Via Ubaldo Poli no. 4	Zola Predosa (BO)	60%	Euro
MCF servizi Integrati Soc. Cons. a r.l. in liquidation	Via Ubaldo Poli no. 4	Zola Predosa (BO)	60%	Euro
Newco Duc Bologna S.p.A.	Via M.E. Lepido no. 182/2	Bologna	44.81%	Euro

Name	Registered Office	City	% Held	Currency
Palmanova Servizi Energetici Soc. Cons. a r.l. in liquidation	Via Ubaldo Poli no. 4	Zola Predosa (BO)	60%	Euro
Rekeep Arabia for Operations and Maintenance Ltd in liquidation	P.O Box 230888, Riyadh, 11321, K.S.A., 28th floor, Kingdom tower.	Riyadh (Saudi Arabia)	100%	SAR
Roma Multiservizi S.p.A. in liquidation	Via Tiburtina no. 1072	Rome	45.47%	Euro
San Martino 2000 Soc. Cons. a r.l.	Via al Molo Vecchio	Calata Gadda (GE)	40%	Euro
S.E.I. Energia Soc. Cons. a r.l.	Via Emilia no. 65	Palermo (PA)	49%	Euro
Servizi Brindisi Soc. Cons. a r.l. in liquidation	Via Ubaldo Poli no. 4	Zola Predosa (BO)	52%	Euro
Servizi Napoli 5 Soc. Cons. a r.l.	Via Ubaldo Poli no. 4	Zola Predosa (BO)	45%	Euro
Steril Piemonte S.r.l.	Corso Einaudi no. 18	Turin	25%	Euro
Toscana Energia Nord Ovest (T.E.N.O.V.) S.r.l.	Via dei Colatori no.12	Sesto Fiorentino (FI)	45%	Euro
Yougenio S.r.l. in liquidation	Via Ubaldo Poli no. 4	Zola Predosa (BO)	100%	Euro

Annex II

Equity-accounted investments

	%	Net assets 31 December 2023	Changes in the period Financial effects	Dividends	Revaluations / Write-downs	Provision for risks	Effects on shareholders' equity	Net assets 30 September 2024	Book value	Provision for risks
2LOW S.r.l. in liquidation (formerly 2 HIGH S.r.l.)	20.09%	90			11			101	101	0
Alisei S.r.l. in liquidation	100%	(126)						(126)	0	(126)
A.M.G. S.r.l.	50%	2,615		(232)	(216)			2,167	2,167	
Arienes Soc. Cons. a r.l.	35.00%	18						18	18	
BGP 2 Soc. Cons. a r.l.	41.47%	62						62	62	
Bologna Global Strade Soc. Cons. a. r.l. in liquidation	59.65%	60	(60)					0	0	
Centro Europa Ricerche S.r.l.	21.38%	64			(11)			51	51	
Consorzio Igiene Ospedaliera Soc. Cons. a r.l. in liquidation	66.66%	7						7	7	
Co. & Ma. Soc. Cons. a r.l. in liquidation	50.00%	5	(5)					0	0	
Consorzio Sermagest in liquidation	60.00%	0						0	0	
Energy Center TP Soc. Cons. a r.l.	35.00%	0	4					4	4	
Fondazione Ricerca, Scienze Neurologiche Azienda USL di Bologna	21.08%	35						35	35	
Gestione Servizi Taranto Soc.Cons.a r.l.	47.00%	9						9	9	
Gestione Strade Soc.Cons. a r.l.	25.00%	13						13	13	
Global Oltremare Soc.Cons. r.l. in liquidation	60.00%	6						6	6	
Global Vicenza Soc.Cons. a r.l.	41.25%	4						4	4	
GR.A.AL Soc. Cons. a r.l.	29.93%	3						3	3	
Gymnasium soc. Cons. a r.l. in liquidation	68.00%	7						7	7	

	%	Net assets 31 December 2023	Changes in the period					Net assets 30 September 2024	Book value	Provision for risks
			Financial effects	Dividends	Revaluations / Write-downs	Provision for risks	Effects on shareholders' equity			
Imola Verde e Sostenibile Soc. Cons. a r.l. (IVES)	30.00%	6						6	6	
IPP S.r.l.	24.75%	534			86			620	620	
Legnago 2001 Soc. Cons. a r.l. in liquidation	50.00%	5						5	5	
Logistica Ospedaliera Soc. Cons. a r.l	45.00%	5						5	5	
Manutencoop International Services LLC	49.00%	(114)	(14)		14	114		0	0	
MCF Servizi integrati Soc. Cons. a r. l. in liquidation	60.00%	6						6	6	
MSE Soc. Cons. a r.l. in liquidation	56.00%	6	(6)					0	0	
Newco DUC Bologna S.p.A.	44.81%	6,232			328		(410)	6,150	6,150	
Palmanova Servizi Energetici Soc. Cons. a r.l. in liquidation	60.00%	6						6	6	
Rekeep Arabia for Operations and Maintenance Ltd in liquidation	100.00%	(0)						0	0	
ROMA Multiservizi S.p.A. in liquidation	45.47%	1,234			62			1,295	1,295	
San Martino 2000 Soc.Cons. a r.l.	40.00%	4						4	4	
S.E.I. Energia Soc. Cons. a r.l.	49.00%	5						5	5	
Servizi Brindisi Soc. Cons. a r.l.	52.00%	0	5					5	5	
Servizi Napoli 5 Soc. Cons. a r.l.	45.00%	5						5	5	
Steril Piemonte S.r.l.	25.00%	246			41			287	287	
Toscana Energia Nord Ovest (T.E.N.O.V.) S.r.l.	45.00%	468			21			489	489	
Yougenio S.r.l. in liquidation	100.00%	(169)				169		0	0	
NET BOOK VALUE		**11,349**	**(75)**	**(232)**	**335**	**283**	**(410)**	**11,249**	**11,375**	**(126)**

Annex III

Related-party transactions

Parent companies

	Period	Revenues	Costs	Financial income	Financial charges	Period	Trade receivables	Financial receivables and others	Trade payables	Financial payables and others
MSC S.p.A.	30-Sept-23	35	2,123		366	31-Dec-23	14	5,772	1,983	5,426
	30-Sept-24	35	2,481	1	165	30-Sept-24	294	5,395	2,712	7,945

Associated and joint-ventures

	Period	Revenues	Costs	Financial income	Financial charges	Period	Trade receivables	Financial receivables and others	Trade payables	Financial payables and others
2HIGH S.r.l.	30-Sept-23	3	135	1		31-Dec-23	2	21	225	
	30-Sept-24	3	131			30-Sept-24	4		25	
2LOW S.r.l. in liquidation	30-Sept-23					31-Dec-23				
	30-Sept-24		44			30-Sept-24			44	
Alisei s.r.l. in liquidation	30-Sept-23					31-Dec-23	3			1
	30-Sept-24					30-Sept-24	3			1
AMG S.r.l.	30-Sept-23		657			31-Dec-23			880	
	30-Sept-24		673			30-Sept-24			892	
ARIENES Soc. Cons. a r.l.	30-Sept-23	13,131	13,177			31-Dec-23	19,013		16,715	
	30-Sept-24	13,182	14,147			30-Sept-24	21,745		20,504	
Bologna Gestione Patrimonio 2 Soc.Cons. a r.l.	30-Sept-23		201			31-Dec-23		25	450	
	30-Sept-24		224			30-Sept-24	(28)	25	383	
Bologna Global Strade Soc. Cons. a r.l. in liquidation	30-Sept-23	14				31-Dec-23				60
	30-Sept-24					30-Sept-24				
Centro Europa Ricerche S.r.l.	30-Sept-23					31-Dec-23				
	30-Sept-24					30-Sept-24				
	30-Sept-23					31-Dec-23				

	Period	Revenues	Costs	Financial income	Financial charges	Period	Trade receivables	Financial receivables and others	Trade payables	Financial payables and others
CO.GE.F. Soc. Cons. a r.l. in liquidation	30-Sept-24					30-Sept-24				
Consorzio Igiene Ospedaliera Soc. Cons. a r.l. in liquidation	30-Sept-23		(2)			31-Dec-23			65	
	30-Sept-24					30-Sept-24			66	
Consorzio Sermagest Soc.Cons.a r.l in liquidation	30-Sept-23					31-Dec-23				
	30-Sept-24					30-Sept-24				
CO.& MA. Soc. Cons. a r.l	30-Sept-23					31-Dec-23				5
	30-Sept-24					30-Sept-24				
Energy Service TP Soc. Cons. a r.l.	30-Sept-23					31-Dec-23				
	30-Sept-24					30-Sept-24				
Fondazione Ricerca, Scienze Neurologiche Azienda USL di Bologna	30-Sept-23					31-Dec-23				
	30-Sept-24					30-Sept-24				
Gestione Servizi Taranto Soc.Cons.a r.l.	30-Sept-23	3,234	2,693	60		31-Dec-23	9,514	41	7,140	
	30-Sept-24	3,675	3,254			30-Sept-24	4,916	65	2,483	
Gestione Strade soc.cons.r.l.	30-Sept-23	51	873			31-Dec-23	65	63	881	
	30-Sept-24	49	939			30-Sept-24	48	63	639	
Global Oltremare Soc.Cons.a r.l in liquidation	30-Sept-23		4			31-Dec-23			106	
	30-Sept-24		6			30-Sept-24			111	
Global Vicenza Soc.Cons. a r.l.	30-Sept-23					31-Dec-23		10	17	
	30-Sept-24					30-Sept-24		10	17	
GR.A.AL. Soc. Cons. a. r.l.	30-Sept-23					31-Dec-23	15			
	30-Sept-24					30-Sept-24	15			
Gymnasium Soc. cons. a r.l in liquidation	30-Sept-23					31-Dec-23	1	8	33	
	30-Sept-24					30-Sept-24	1	8	33	
Imola Verde e Sostenibile Soc. Cons. a r.l. (IVES)	30-Sept-23	163	158			31-Dec-23	79		58	
	30-Sept-24	180	174			30-Sept-24	53		45	
IPP S.r.l.	30-Sept-23		165	1		31-Dec-23	2	36	207	
	30-Sept-24		228	1		30-Sept-24		36	262	
Legnago 2001 Soc. Cons. r.l. in liquidation	30-Sept-23		2			31-Dec-23	158		81	
	30-Sept-24		3			30-Sept-24	158		84	
Logistica Ospedaliera Soc. Cons. a r.l. in liquidation	30-Sept-23		1			31-Dec-23			17	
	30-Sept-24		6			30-Sept-24			24	

	Period	Revenues	Costs	Financial income	Financial charges	Period	Trade receivables	Financial receivables and others	Trade payables	Financial payables and others
Logistica Sud-Est Soc. Cons. a r.l. in liquidation	30-Sept-23					31-Dec-23				
	30-Sept-24					30-Sept-24				
Manutencoop International Services LLC in liquidation	30-Sept-23					31-Dec-23				
	30-Sept-24					30-Sept-24				
MCF Servizi integrati Soc. cons. a r.l. in liquidation	30-Sept-23					31-Dec-23	365		5	
	30-Sept-24					30-Sept-24	365		5	
MSE Soc. cons. a r.l. in liquidation	30-Sept-23					31-Dec-23				
	30-Sept-24					30-Sept-24				
Newco DUC Bologna S.p.A.	30-Sept-23	42	5			31-Dec-23	3,730	6	159	
	30-Sept-24	158	24			30-Sept-24	3,311	1,067	58	
Palmanova Servizi Energetici Soc. Cons. a r.l. in liquidation	30-Sept-23		3			31-Dec-23	75		10	
	30-Sept-24		4			30-Sept-24	75		14	
Rekeep Arabia for Operations and Maintenance Ltd in liquidation	30-Sept-23					31-Dec-23				
	30-Sept-24					30-Sept-24				
Roma Multiservizi S.p.A. in liquidation	30-Sept-23	386	219			31-Dec-23	582		165	
	30-Sept-24	166	180			30-Sept-24	639		236	
SA.N.CO. Soc. Cons. a r.l. in liquidation	30-Sept-23					31-Dec-23				
	30-Sept-24					30-Sept-24				
San Martino 2000 Soc.Cons. r.l.	30-Sept-23	1,057	1,656			31-Dec-23	930		1,537	
	30-Sept-24	1,067	1,578			30-Sept-24	784		1,808	
S.E.I. Energia Soc. Cons. a r.l.	30-Sept-23	43	4,160	35		31-Dec-23	121	904	4,314	
	30-Sept-24	27	3,269	41		30-Sept-24	557	946	5,108	
Servizi Brindisi Soc. Cons. a r.l. in liquidation	30-Sept-23					31-Dec-23				
	30-Sept-24		28			30-Sept-24	264	6	(134)	
Servizi Napoli 5 Soc.Cons. a r.l.	30-Sept-23					31-Dec-23	3,439		2,038	
	30-Sept-24					30-Sept-24	3,439		2,038	
Steril Piemonte S.r.l.	30-Sept-23					31-Dec-23		550	32	
	30-Sept-24					30-Sept-24		125		
Toscana Energia Nord Ovest (T.E.N.O.V.) S.r.l.	30-Sept-23	520				31-Dec-23	1,618		655	315
	30-Sept-24	5,565				30-Sept-24	3,469		(10)	315

	Period	Revenues	Costs	Financial income	Financial charges	Period	Trade receivables	Financial receivables and others	Trade payables	Financial payables and others
Yougenio S.r.l. in liquidation	30-Sept-23	16	(2)	161		31-Dec-23	28		2	40
	30-Sept-24	9		183		30-Sept-24		222	2	40

Subsidiaries of MSC S.p.A.

	Period	Revenues	Costs	Financial income	Financial charges	Period	Trade receivables	Financial receivables and others	Trade payables	Financial payables and others
Cerpac S.r.l. in liquidation	30-Sept-23					31-Dec-23	1			
	30-Sept-24					30-Sept-24	1			
Nugareto Società Agricola Vinicola S.r.l.	30-Sept-23					31-Dec-23	1	6	121	
	30-Sept-24					30-Sept-24	1	8		
Sacoa S.r.l.	30-Sept-23		3			31-Dec-23				
	30-Sept-24					30-Sept-24				
Segesta servizi per l'Ambiente S.r.l. in liquidation	30-Sept-23	4				31-Dec-23	2	1		
	30-Sept-24					30-Sept-24				

Associates of MSC S.p.A. or other related parties

Associates of MSC S.p.A. or other related parties	Period	Revenues	Costs	Financial income	Financial charges	Period	Trade receivables	Financial receivables and others	Trade payables	Financial payables and others
Bologna Service Consulting STP Srl	30-Sept-23					31-Dec-23				
	30-Sept-24		50			30-Sept-24			47	
Consorzio Karabak Soc. Cooperativa	30-Sept-23	60				31-Dec-23	31		1	
	30-Sept-24	100				30-Sept-24	54		1	
Consorzio Karabak Due Società Cooperativa	30-Sept-23	13				31-Dec-23	2			
	30-Sept-24	3				30-Sept-24	1			
Consorzio Karabak Quattro Società Cooperativa	30-Sept-23					31-Dec-23				
	30-Sept-24					30-Sept-24				

Associates of MSC S.p.A. or other related parties	Period	Revenues	Costs	Financial income	Financial charges	Period	Trade receivables	Financial receivables and others	Trade payables	Financial payables and others
Consorzio Karabak Cinque Società Cooperativa	30-Sept-23					31-Dec-23				
	30-Sept-24					30-Sept-24				
Consorzio Karabak Sei Società Cooperativa	30-Sept-23					31-Dec-23				
	30-Sept-24					30-Sept-24				
Holmo S.p.A. in liquidation	30-Sept-23					31-Dec-23				
	30-Sept-24					30-Sept-24				
Puglia Multi Servizi S.r.l. in liquidation	30-Sept-23					31-Dec-23				
	30-Sept-24					30-Sept-24				
Sacoa Servizi Telematici S.r.l.	30-Sept-23		13			31-Dec-23			31	
	30-Sept-24		11			30-Sept-24			10	

	Period	Revenues	Costs	Financial income	Financial charges	Period	Trade receivables	Financial receivables and others	Trade payables	Financial payables and others
TOTAL	**30-Sept-23**	**18,772**	**26,244**	**258**	**366**	**31-Dec-23**	**39,791**	**7,443**	**37,928**	**5,847**
	30-Sept-24	**24,219**	**27,454**	**226**	**165**	**30-Sept-24**	**40,169**	**7,976**	**37,507**	**8,301**

Annex IV

statement of reconciliation of the reclassified statement of cash flows and the statutory schedule items

	For the 9 months ended 30 September			
		2024		2023
Cash and cash equivalents at the beginning of the period		**76,812**		**84,243**
Cash flow from current operations:		**26,940**		**48,478**
Profit before taxes	(4,495)		10,413	
Amortization, depreciation, write-downs (write-backs) of assets	33,194		30,766	
Accruals (reversals) of provisions	1,743		11,248	
Employee termination benefits provision	1,201		1,240	
Share of net profit of associates, net of dividends collected	(335)		(377)	
Financial charges (income) in the period	55,570		37,850	
Net interest received (paid) in the period	(34,772)		(40,295)	
Taxes paid in the period	(3,935)		(4,292)	
Reclassifications:				
Non-cash net financial charges accounted for under the Statement of Profit/Loss for the period	(21,231)		1,925	
Uses of provisions for risks and charges and payments of the employee termination indemnity:		**(6,690)**		**(7,874)**
Uses of employee terminations benefits	(1,279)		(1,332)	
Uses of provisions for risks and charges	(5,411)		(6,542)	
CHANGE IN NWOC:		**(44,439)**		**(80,941)**
Decrease (increase) in inventories	79		(1,091)	
Decrease (increase) in trade receivables	(36,155)		(5,715)	
Changes in trade payables	(8,363)		(74,134)	
INDUSTRIAL AND FINANCIAL CAPEX:		**(33,391)**		**(15,784)**

	For the 9 months ended 30 September			
(Purchase of intangible assets, net)	(2,498)		(3,155)	
(Purchase of property, plant and equipment)	(33,618)		(28,614)	
Sale of property, plant and equipment	3,845		1,980	
(Acquisition of investments, net)	164		(198)	
Decrease (increase) of financial assets	10,421		2,812	
Financial effects of business combinations	0		(1,975)	
Reclassifications:				
Net change in the balance of short-term financial assets	(11,705)		13,533	
Payables for acquisition of investments and business combinations	0		(167)	
CHANGE IN NET FINANCIAL LIABILITIES:		**27,722**		**17,743**
Change in lease debt	(3,617)		(2,768)	
Acquisition of non-current borrowings	12,000		60,000	
Repayment of non-current borrowings	(36,314)		(12,120)	
Proceeds from/(repayment of) short-term bank debt	9,669		13,655	
Other changes in financial debt	8,989		(30,731)	
Reclassifications:				
Non-cash net financial charges accounted for under the Statement of Profit/Loss for the year	21,231		(1,925)	
Net change in the balance of short-term financial assets	11,705		(13,533)	
Non-cash elements on net acquisitions of fixed assets	4,059		4,998	
Payables for acquisition of investments and business combinations	0		167	
OTHER CHANGES:		**(18,049)**		**14,568**
Decrease (increase) in other current assets	(3,768)		16,227	
Change in other current liabilities	(10,671)		5,393	
Dividends distributed	(147)		(48)	
Acquisition/assignment of minority interests of subsidiaries	43		(801)	
Differences arising from translation of financial statements in foreign currency	552		(1,205)	
Reclassifications:				
Non-cash elements on net acquisitions of fixed assets	(4,059)		(4,998)	
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD		**28,905**		**60,433**

Consolidated financial statements at 31 december '23

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CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(in thousands of Euro)	NOTES	31 December 2023	31 December 2022
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	4	117,543	93,249
Property, plant and equipment under lease	5	44,555	54,625
Goodwill	7	406,700	404,935
Other intangible assets	6	17,731	18,288
Investments accounted for under the equity method	8	11,758	10,121
Other investments	9	5,996	5,996
Non-current financial assets	9	6,929	24,202
Other non-current assets	9	4,607	3,104
Deferred tax assets	30	16,472	17,968
TOTAL NON-CURRENT ASSETS		**632,291**	**632,488**
CURRENT ASSETS			
Inventories	10	13,373	12,088
Trade receivables and advances to suppliers	11	513,771	537,227
Current tax receivables	30	6,589	8,671
Other current assets	11	31,681	59,211
Current financial assets	12	15,545	7,017
Cash and cash equivalents	12	76,812	84,243
TOTAL CURRENT ASSETS		**657,771**	**708,457**
Assets held for sale		0	0
TOTAL NON-CURRENT ASSETS HELD FOR SALE		**0**	**0**
TOTAL ASSETS		**1,290,062**	**1,340,945**

(in thousands of Euro)	NOTES	31 December 2023	31 December 2022
SHAREHOLDERS' EQUITY			
Share capital		109,150	109,150
Reserves		7,769	6,696
Retained earnings		(48,212)	(76,115)
Profit/(loss) for the year attributable to equity holders of the Parent		(13,221)	27,131
EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT		**55,486**	**66,862**
Capital and reserves attributable to non-controlling interests		5,825	5,728
Profit/(loss) for the year attributable to non-controlling interests		690	368
EQUITY ATTRIBUTABLE TO NON-CONTROLLING INTERESTS		**6,515**	**6,096**
TOTAL SHAREHOLDERS' EQUITY	13	**62,001**	**72,958**
NON-CURRENT LIABILITIES			
Employee termination indemnity	14	10,419	9,970
Provisions for risks and charges, non- current	15	31,692	30,192
Long-term financial debt	17	398,218	408,608
Deferred tax liabilities	30	14,619	15,819
Other non-current liabilities		85	1,991
TOTAL NON-CURRENT LIABILITIES		**455,033**	**466,580**
CURRENT LIABILITIES			
Provisions for risks and charges, current	15	22,707	18,483
Trade payables and contract liabilities	19	422,958	480,808
Current tax payables	30	142	21
Other current liabilities	19	172,095	169,667
Bank borrowing, including current portion of long-term debt, and other financial liabilities	17	155,126	132,428
TOTAL CURRENT LIABILITIES		**773,028**	**801,407**
Liabilities directly associated with non-current assets held for sale		0	0
TOTAL LIABILITIES DIRECTLY ASSOCIATED WITH NON-CURRENT ASSETS HELD FOR SALE		**0**	**0**
TOTAL LIABILITIES		**1,290,062**	**1,340,945**

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

(in thousands of Euro)	NOTES	For the year ended	
		31 December 2023	31 December 2022
REVENUES			
Revenues from contracts with customers	20	1,182,372	1,290,608
Other revenues	21	4,397	3,768
TOTAL REVENUES		**1,186,769**	**1,294,376**
OPERATING COSTS			
Costs of raw materials and consumables	22	(253,764)	(352,579)
Change in inventories of finished and semi-finished products	22	207	217
Costs for services and use of third-party assets	23	(319,607)	(335,877)
Personnel costs	24	(485,972)	(469,406)
Other operating costs	25	(9,860)	(10,923)
Capitalization of lower internal construction costs		957	552
Amortization, depreciation, write-downs and write-backs of assets	26	(47,721)	(41,912)
Accrual of provisions for risks and charges	15	(14,964)	(13,505)
TOTAL OPERATING COSTS		**(1,130,724)**	**(1,223,433)**
OPERATING INCOME		**56,045**	**70,943**
FINANCIAL INCOME AND EXPENSES			
Share of net profit of associates	8	(24)	703
Dividends and income (loss) from sale of investments	27	312	(478)
Financial income	28	2,282	2,773
Financial charges	29	(56,509)	(43,568)
Profit (loss) on exchange rate		(1,529)	876
Profit (loss) before tax		**577**	**31,249**
Income taxes, current, prepaid and deferred	30	(13,108)	(3,750)
Net profit (loss) from continuing operations		(12,531)	27,499
Profit (loss) from discontinued operations		0	0
Profit (loss) for the year		**(12,531)**	**27,499**
Net profit (loss) for the year attributable to non- controlling interests	13	(690)	(368)
NET PROFIT (LOSS) ATTRIBUTABLE TO THE GROUP		**(13,221)**	**27,131**

	For the year ended	
	31 December 2023	31 December 2022
Basic earnings per share	(0.121)	0.249
Diluted earnings per share	(0.121)	0.249
Basic earnings per share from continuing operations	(0.121)	0.249
Diluted earnings per share from continuing operations	(0.121)	0.249

CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME

(in thousands of Euro)	NOTES	For the year ended	
		31 December 2023	31 December 2022
NET RESULT FOR THE YEAR		**(12,531)**	**27,499**
Other comprehensive income, which will be subsequently reclassified under profit/loss for the year:			
Differences from translation of foreign financial statements		949	(1,151)
Share of other comprehensive income of entities accounted for using the equity method, which will be subsequently reclassified under profit/loss for the year	8	226	610
Other comprehensive income, which will be subsequently reclassified under profit/loss for the year		**1,174**	**(541)**
Other comprehensive income, which will not be subsequently reclassified under profit/loss for the year:			
Actuarial gains (losses) on defined benefit plans		(376)	774
Income taxes		97	(42)
Net effect on actuarial gains (losses)	14	**(280)**	**732**
Share of other comprehensive income for the year of entities accounted for using the equity method, which will not be subsequently reclassified under profit/loss for the year	8	7	86
Other comprehensive income for the year, which will not be subsequently reclassified under profit/loss for the year		**(273)**	**818**
TOTAL OTHER COMPREHENSIVE INCOME (LOSS), NET OF TAX		**902**	**276**
COMPREHENSIVE INCOME (LOSS), NET OF TAXES		**(11,629)**	**27,775**
Equity holders of the Parent		(12,013)	27,469
Non-controlling interests		384	306

CONSOLIDATED STATEMENT OF CASH FLOWS

(in thousands of Euro)	NOTES	For the year ended	
		31 December 2023	31 December 2022
Net result from continuing operations for the year		**(12,531)**	**27,499**
Income taxes for the year		13,108	3,750
Profit before taxes		**577**	**31,249**
Amortization, depreciation, write-downs and (write-backs) of assets		47,721	41,912
Accrual (reversal) of provisions for risks and charges		14,964	13,505
Employee termination indemnity provision		1,777	1,645
Payments of employee termination indemnity		(1,780)	(1,976)
Utilization of provisions		(7,764)	(2,999)
Share of net profit of associates, net of dividends collected		299	356
Financial charges (income) for the year		55,538	39,919
Operating cash flows before movements in Working Capital		**111,332**	**123,610**
Decrease (increase) of inventories		(1,285)	645
Decrease (increase) of trade receivables and advances to suppliers		19,442	(96,670)
Decrease (increase) of other current assets		26,042	(35,152)
Increase (decrease) in trade payables		(59,653)	74,437
Increase (decrease) of other current liabilities		(190)	1,563
Change in Working Capital		**(15,645)**	**(55,177)**
Net interests received (paid) in the year		(44,999)	(30,308)
Income taxes paid in the year		(10,526)	(7,830)
Net cash flow from operating activities		**40,162**	**30,295**
(Purchase of intangible assets, net of sales)	6	(5,356)	(4,586)
(Purchase of property, plant and equipment)	4 - 5	(41,432)	(53,331)
Proceeds from sale of property, plant and equipment	4 - 5	2,310	1,219
(Acquisition) of investments		(604)	(507)
Decrease (increase) of financial assets		4,510	(7,446)
Financial effects of business combinations	3	(3,447)	(12,793)
Net cash flow from (used in) investing activities		**(44,019)**	**(77,445)**
Lease payments	17	(13,048)	(8,711)
Opening of medium- and long-term borrowings	17	60,186	0

(in thousands of Euro)	NOTES	For the year ended	
		31 December 2023	**31 December 2022**
Repayment of medium- and long-term borrowings	17	(24,240)	(266)
Net opening (repayment) of short-term bank credit lines	17	12,256	9,153
Other net changes in borrowings	17	(39,398)	33,227
Dividends distributed		(122)	(918)
(Purchase) /sale of subsidiaries' minority shareholdings		(155)	(655)
Differences arising from translation of financial statements in foreign currency		937	(110)
Net cash flow from / (used in) financing activities		**(3,583)**	**31,720**
Change in cash and cash equivalents		**(7,441)**	**(15,430)**
Cash and cash equivalents at the beginning of the year		84,243	99,512
Change in cash and cash equivalents		(7,441)	(15,430)
Translation differences on cash and cash equivalents		10	161
Cash and cash equivalents at the end of the year		**76,812**	**84,243**
Details of cash and cash equivalents:			
Cash and bank current accounts		76,812	84,243
TOTAL CASH AND CASH EQUIVALENTS		**76,812**	**84,243**

SUPPLEMENTARY INFORMATION

(in thousands of Euro)	For the year ended	
	31 December 2023	**31 December 2022**
Interest paid	(47,281)	(33,076)
Interest received	2,282	2,768
Dividends paid	(122)	(918)
Dividends received	157	481

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

	Share Capital	Reserves	Retained Earnings	Net Result of the period	Equity attributable to Equity holders of the Parent	Equity attributable to non-controlling interests	Total shareholders' equity
1 January 2023	**109,150**	**6,695**	**(76,115)**	**27,131**	**66,862**	**6,096**	**72,958**
Allocation of prior year result		33	27,098	(27,131)	**0**		**0**
Distribution of dividends					**0**	(122)	**(122)**
Business combinations "under common control"		(168)			**(168)**		**(168)**
Change in consolidation area			805		**805**		**805**
Acquisition/sale of minority interests in subsidiaries					**0**	156	**156**
Total comprehensive income (loss) for the period		1,208		(13,221)	**(12,013)**	384	**(11,629)**
31 December 2023	**109,150**	**7,769**	**(48,212)**	**(13,221)**	**55,486**	**6,515**	**62,001**

	Share Capital	Reserves	Retained Earnings	Net Result of the period	Equity attributable to Equity holders of the Parent	Equity attributable to non-controlling interests	Total shareholders' equity
1 January 2022	**109,150**	**11,510**	**(51,326)**	**(22,588)**	**46,746**	**4,588**	**51,334**
Allocation of prior year result		1,102	(23,690)	22,588	**0**		**0**
Distribution of dividends					**0**	(40)	**(40)**
Currency appreciation due to hyperinflation		613			**613**	589	**1,201**
Business combinations "under common control"		(6,866)			**(6,866)**		**(6,866)**
Acquisition/sale of minority interests in subsidiaries			(1,099)		**(1,099)**	654	**(446)**
Total comprehensive income (loss) for the period		338		27,131	**27,469**	306	**27,775**
31 December 2022	**109,150**	**6,695**	**(76,115)**	**27,131**	**66,862**	**6,096**	**72,958**

EXPLANATORY NOTES

1. GENERAL INFORMATION

The publication of the Consolidated Financial Statements of the Rekeep Group for the year ended 31 December 2023 was authorized by resolution of the Board of Directors of 21 March 2024.

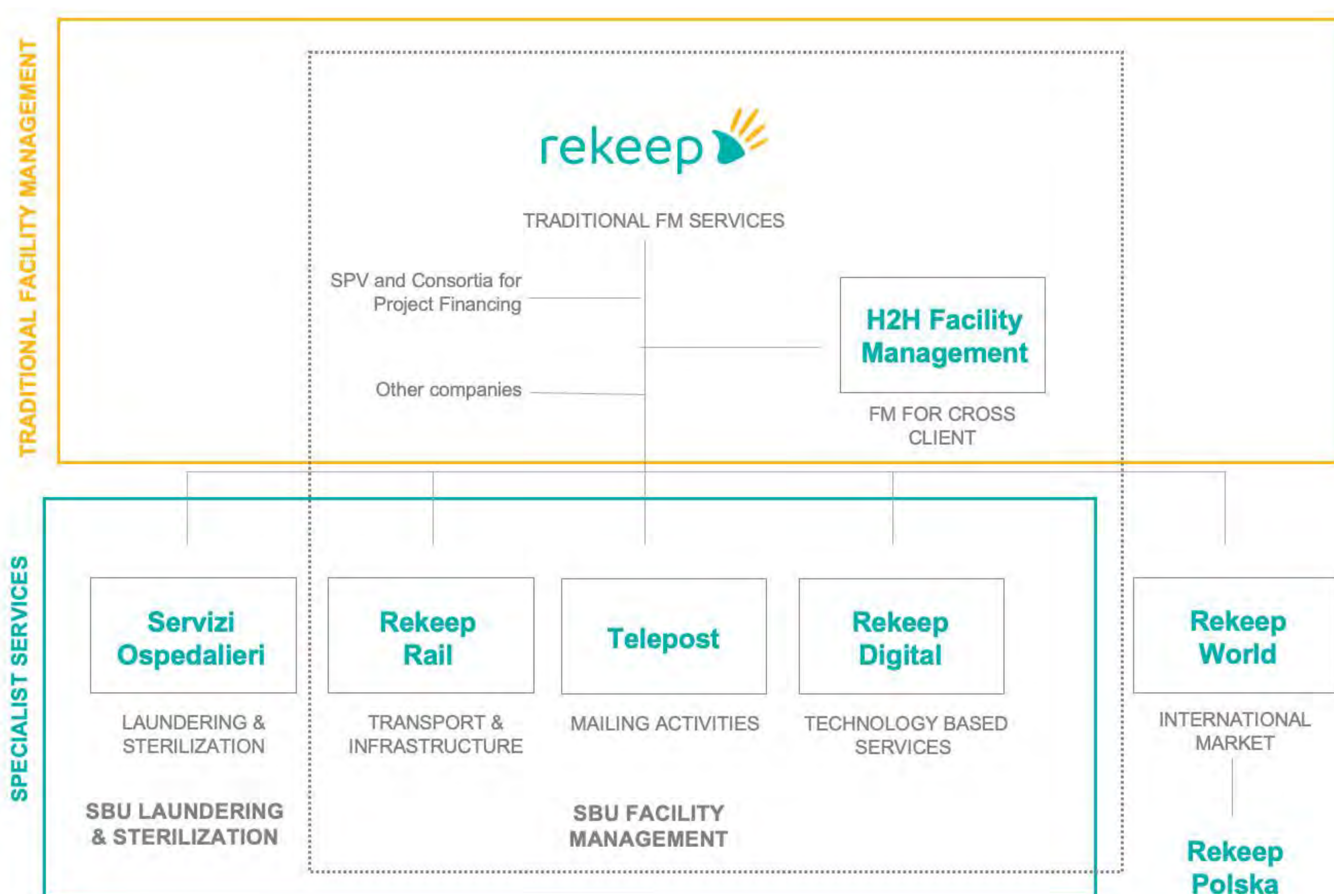
As at 31 December 2023 the share capital of Parent Company Rekeep S.p.A. was wholly held by the sole shareholder MSC Società di Partecipazione tra Lavoratori S.p.A., which also carries out Management and Coordination Activities.

1.1 The business

The 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") health care activities. In particular, the Rekeep Group provides a wide and coordinated range of integrated services, aimed at rationalizing and improving the quality of the non-strategic and auxiliary activities of major private groups, public authorities and health care facilities.

At present the Rekeep Group is structured into 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 company 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., which has already been operating for a few years in France, Turkey and Saudi Arabia through its subsidiaries, and, as from 2019, also in Poland, following the acquisition of Rekeep Polska S.A., a local leading company in the field of facility management in the healthcare sector, which is the parent of the group with the same name.

Therefore, the Group now operates through specific companies for each sector:



The Facility management segment offers a collection of logistic and organizational support services targeted at users of properties and aimed at optimizing the management of property-related activities.

The so-called "traditional" Facility management services provided by the Rekeep Group include the following activities:

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

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

The so-called Technical Services encompass the management, operation and maintenance services of property-related systems (including heating and air conditioning systems, electrical systems, fire prevention and safety systems), including therein:

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

A third type of activities attributable to the Facility management service rendered by the Group is the so-called Landscaping, i.e. a service for the maintenance of green spaces, which includes both the planning and implementation of maintenance of properties' green areas, and services for the area.

Property management also includes energy management activities, i.e. technical design, construction and operation of cogeneration plants and operation and maintenance of the same plants to provide customers with energy efficiency solutions.

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

The Group, through a series of acquisitions, has also expanded its range of services providing certain specialist Facility Management services alongside its "traditional" Facility management services, through business combinations or by reorganizing specific business areas. In particular it operates in the sector of:

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

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

- collection and distribution of linen in the individual departments;
- management of the linen rooms in the health care facilities;
- supply of disposable items and kits;
- rental of linen with special materials for operating rooms;

- acceptance, treatment, sterilization and redelivery of surgical instruments;
- rental of surgical instruments;
- creation and management of sterilization systems.

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

2. ACCOUNTING STANDARDS AND BASIS OF PRESENTATION

The consolidated Financial Statements at 31 December 2023 comprise the Consolidated Statement of financial position, the Consolidated Statement of profit or loss, the Consolidated Statement of other comprehensive income, the Consolidated Statement of Cash flows, the Consolidated Statement of changes in Shareholders' Equity and the related Explanatory Notes.

The balance sheet and income statement values reported in the Statements, the Statement of Cash Flow and the Explanatory Notes are compared with those at 31 December 2022. The consolidated Financial Statements at 31 December 2023 were prepared on a historical cost basis, except for the financial instruments that have been measured at fair value.

The Directors have deemed it appropriate to prepare the Consolidated Financial Statements at 31 December 2023 based on the going-concern assumption, taking into account the actual results achieved to date and the results expected for the current and next financial years, as well as the estimated cash flows expected for the next 12 months from the Parent Company and other Group companies, which are sufficient to regularly meet its obligations over that time horizon and, after assessing any possible uncertainties surrounding the Group's ability to continue as a going concern, mainly linked to the management of the Group's financial debt, as described in paragraph 2.3 "Discretionary assessments and significant accounting assumptions" below, including financial risks described in note 35 and other market risks associated with the proceedings in progress described in note 15, and the actions that are currently in place to meet the substantial medium-term financial commitments.

The Consolidated Statement of Financial Position sets forth assets and liabilities distinguishing between current and non-current. The Statement of profit or loss classifies costs by nature, while the consolidated Statement of other comprehensive income sets

forth the result for the period added with income and expenses that, in accordance with IFRS, are directly recognized in consolidated Shareholders' Equity. The Statement of Cash flows has been prepared on the basis of the indirect method and presented in accordance with IAS 7, distinguishing between cash flow from operating, investing and financing activities.

The Financial Statements at 31 December 2023 have been presented in Euro, which is the Group's functional currency. All values showed in the statements and in the explanatory notes are in thousands of Euro, unless otherwise stated.

2.1 Statement of compliance with international accounting standards (IFRS)

The Consolidated Financial Statements at 31 December 2023 have been prepared in accordance with the International Financial Reporting Standards ("IFRS"). The Rekeep Group is subject to Letter f) of Article 2 under the Italian Legislative Decree no. 38 of 28 February 2005, which rules the exercise of the options provided for by the Article 5 of Regulation (EC) 1606/2002 about the International Financial Reporting Standards and, therefore, pursuant to Article 3, paragraph 2, and Article 4, paragraph 5, of the aforesaid Italian Legislative Decree, the Parent Company has applied the IFRS as adopted by the European Union in the preparation of its consolidated and separate Financial Statements as from the year ended 31 December 2005.

2.2 Changes in accounting standards and disclosures

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

The Group did not provide for the early adoption of any standard, interpretation or improvement issued but still not obligatorily in force.

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

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

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

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

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

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

The main features of the General Model are:

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

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

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

The amendments did not have any impact on the Group's consolidated financial statements.

› On 9 December 2021, the IASB also published "*Amendments to IFRS 17 Insurance contracts: Initial Application of IFRS 17 and IFRS 9 – Comparative Information*". The amendment was applied as from 1 January 2023 together with the application of IFRS 17, in order to avoid temporary accounting mismatches between financial assets and liabilities of insurance contracts, and improve the usefulness of comparative information for readers of financial statements. The amendments did not have any impact on the Group's consolidated financial statements.

› On 12 February 2021 the IASB published two amendments, i.e. "Disclosure of Accounting Policies - Amendments to IAS 1 Presentation of financial statements and IFRS Practice Statement 2" and "Definition of Accounting Estimates - Amendments to IAS 8 Accounting Policies, Change in Accounting Estimates and Errors". The amendments are aimed at improving disclosures on accounting policies so as to provide more useful information to investors and other primary users of financial statements, as well as to help companies distinguish changes in accounting estimates from changes in accounting policies.

› On 7 May 2021 the IASB published "*Amendments to IAS 12 Income Taxes: Deferred Tax related to Assets and Liabilities arising from a Single Transaction*". The document clarifies the method by which deferred taxes should be accounted for on

certain transactions that can generate assets and liabilities for an equal amount, such as leases and decommissioning obligations.

- On 23 May 2023 the IASB published "*Amendments to IAS 12 Income taxes: International Tax Reform – Pillar Two Model Rules*". The document provides for a temporary exception to the recognition and disclosure requirements for deferred tax assets and liabilities related to the Pillar Two Model Rules and for specific disclosure requirements for entities involved in the related International Tax Reform. The document provides for immediate application of the temporary exception while disclosure requirements will be applicable only to annual financial statements for the financial periods beginning on or after 1 January 2023, but not to interim financial statements having a reporting date prior to 31 December 2023. The Group falls within the scope of Pillar Two rules but since the Parent Company is not the ultimate controlling entity, the entry into force of the amendment does not entail any effect on the Rekeep Group's financial statements.

All amendments became effective from 1 January 2023 and their adoption did not entail any significant effect on the Group's consolidated financial statements.

New or revised IFRS and interpretations applicable from subsequent periods and not early adopted by the Group

The following IFRS accounting standards, amendments and interpretations were endorsed by the European Union at the reporting date of this document, but are mandatorily applicable from subsequent periods and have not been early adopted by the Group:

- On 23 January 2020 the IASB published "*Amendments to IAS 1 Presentation of financial statements: Classification of Liabilities as Current or Non-current*", and on 31 October 2022 the IASB published "*Amendments to IAS 1 Presentation of Financial Statements: Non-Current Liabilities with Covenants*". The documents are aimed at clarifying how to classify debts and other short- or long-term liabilities. The amendments will become effective from 1 January 2024, with early adoption permitted. The directors do not expect any material effect on the Group's consolidated financial statements from the adoption of this amendment.
- On 22 September 2022 the IASB published "*Amendments to IFRS 16 Leases: Lease Liability in a Sale and Leaseback*". The document requires the seller-lessee to measure the lease liability arising from a sale and leaseback transaction so as not to recognize any income or loss that relates to the retained right of use. The amendments will become effective from 1 January 2024, with early adoption permitted. The directors do not expect any material effect on the Group's Consolidated Financial Statements from the adoption of this amendment.

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

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

- On 25 May 2023 the IASB published "*Amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures: Supplier Finance Arrangements*". The document requires an entity to provide additional disclosures about reverse factoring arrangements that enable users of financial statements to assess how financial arrangements with suppliers

may affect the entity's liabilities and cash flows and to understand the effect of those arrangements on the entity's exposure to liquidity risk. The amendments shall apply from 1 January 2024, with early adoption permitted. The directors do not expect any material effect on the Group's Consolidated Financial Statements from the adoption of this amendment.

- On 15 August 2023 the IASB published "*Amendments to IAS 21 The Effects of Changes in Foreign Exchange Rates: Lack of Exchangeability*". The document requires an entity to select a methodology to be applied consistently in order to verify whether one currency can be converted into another and, when this is not possible, provides guidance on how to determine the exchange rate to be used and the disclosure to be provided in the notes to the financial statements. The amendments shall apply from 1 January 2025, with early adoption permitted. The directors do not expect any material effect on the Group's Consolidated Financial Statements from the adoption of this amendment.
- On 30 January 2014 the IASB published the accounting standard "IFRS 14 – *Regulatory Deferral Accounts*", which only allows first-time adopters of IFRS to continue to recognize amounts relating to Rate-Regulated Activities according to the previous accounting standards adopted. The endorsement process of the standard has not yet been started. This standard is not applicable since the Group is not a first-time adopter.

2.3 Discretionary assessments and significant accounting assumptions

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

Discretionary assessments

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

Uncertainty of estimates and assumptions

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

Assessing the going-concern assumption

The Group ended the 2023 financial year with consolidated revenues totaling € 1,187 million (€ 1,294 million at 31 December 2022), EBITDA of € 118.7 million equal to 10% of revenues (€126 million at 31 December 2022), including non-recurring charges of € 9.3 million, and a net loss of € 13.2 million (against a net profit of € 27,1 million at 31 December 2022). Following the result for the year, consolidated equity decreased to a total of € 62 million at 31 December 2023 while the net financial position increased to € 461.0 million at the end of the year (of which € 155.1 million was short-term). The growth of the Group and the structural dynamics of the business, in addition to the increase in the procurement prices of energy that characterized previous years and led to increasing pressure on net operating working capital, as well as the events involving the subsidiary Rekeep Saudi culminating in the international arbitration proceedings, have led to an increase in the net financial debt in recent years, and consequently in the financial charges charged to the income statement (equal to € 56.5 million at 31 December 2023). In this circumstance, when preparing the Consolidated Financial Statements, in order to verify whether the going-concern assumption requirements is met, the Directors assessed both the actual results as at the reporting date of the Consolidated Financial Statements, in line with expectations, and the results expected by the Group for the current and subsequent years, characterized by a gradually increasing performance, estimated on the basis of historical experience and assumptions that take into account the circumstances and conditions existing at the time of preparing the Consolidated Financial Statements. The Directors also assessed the status of existing relationships with the Group's banks and other lenders, which have not changed significantly since the previous year, and verified whether the Parent Company and other Group companies were able to generate sufficient cash flows from their core business activities over the next 12 months to meet their obligations on a regular basis over that time horizon. On the basis of the analyses carried out, although the assumptions on which the evaluations are based inherently incorporate elements of discretion and uncertainty, the Directors have assessed how the aforementioned circumstances do not pose a threat to the Group's ability to continue as a going concern over the next 12 months.

Having stated this, the Directors have also noted how both the Group's historical cash flow trends and the expectations of the projected cash flows set forth in the 2024-2026 Business Plan, including the repayments of the loans maturing in the coming months and the continued payment of the “FM4” penalty, suggest that when the Bond matures in February 2026, it is likely that there will not be the resources to repay the Bond in full. The Directors have therefore started 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 aforementioned Bond, procuring any other possible sources of financing as well as carve-outs (sale of assets or disposal of equity investments).

As at the date of preparation of these Consolidated Financial Statements, 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.

Based on the above considerations, the Consolidated Financial Statements have therefore been prepared on a going-concern basis while being aware of the actions currently in place to meet the substantial medium-term financial commitments. For further details, please refer to Note 35.

Impairment test

Goodwill is subject to impairment test at least annually, or more frequently if there is an indication of potential impairment in the carrying amounts, as provided for by IAS 36. Specifically, the purpose of the impairment test is to verify the recoverability of goodwill by comparing the net book value of cash-generating units to which the goodwill has been allocated with the recoverable value of those units, The recoverable value of cash-generating units corresponds to the higher of fair value less costs to sell and value in use.

This requires an estimate of the value in use of the CGU (cash-generating unit) to which the goodwill isallocated, in turn based on an estimate of expected cash flows from the CGU and their discounting on the basis of a suitable discount rate. At 31 December 2023 the carrying amount of Goodwill was equal to € 406,700 thousand (€ 404,935 thousand at 31 December 2022). See note 7 for details.

Recognition of revenues and costs from contracts with customers

The Group uses the percentage of completion method to account for activities on long-term contracts for the building and improvement of properties or technological plants for which it does construction work. The margins recognized in profit and loss depend both on the progress of the works and the margins on the entire work when completed; therefore if work in progress and margins on work not yet completed are to be recognized correctly, the Directors must make correct estimates of the costs of completion, possible increases in cost, delays, extra costs and penalties which could reduce the expected margin. The use of the percentage of completion method requires the Group to estimate the costs of completion, which entails the adoption of assumptions depending on factors which could change in time and could therefore have a substantial impact on current estimates. Should actual costs be different from estimated costs, this change will impact on the results for future periods.

Provisions for risks and charges and Allowance for doubtful accounts

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

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

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

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

The cost of defined-benefit pension plans and of any other post-employment medical benefit, as well as the present value of the defined-benefit liability, are determined on the basis of actuarial assumptions. Actuarial assessments require various assumptions to be made which can differ from actual developments in the future. These assumptions also include the calculation of the discount rate, future pay rises, the mortality rate and future increases in pensions. Owing to the complexity of the assessment and its long-term nature, these estimates are extremely sensitive to changes in assumptions. All the assumptions are reviewed on an annual basis. See note 14 for details.

Deferred tax assets and likelihood of these being reversed in the future

Deferred tax assets are recognized to the extent that there is a likelihood of there being sufficient future taxable profit for the losses to be utilized. This means that the management must make a strong commitment to working out a correct estimate of the amount of tax assets which can be recognized on the basis of the level of future taxable profit, the timing of the receipt of the profits and tax planning strategies.

Other items of financial statements

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

Consolidation principles

The Consolidated Financial Statements include the financial statements of Rekeep S.p.A. (“the ‘Parent Company””, “Rekeep S.p.A.” or “Rekeep”) and its subsidiaries, prepared as at 31 December 2023. The financial statements of subsidiaries have been prepared by adopting for each closing date the same accounting standards as those applied for the parent company.

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

Subsidiaries are consolidated on a line-by-line basis starting from the acquisition date, i.e. the date on which the Group acquires control, and are deconsolidated on the date in which control is transferred out of the Group. Acquisitions of subsidiaries, with the exception of

those deriving from combinations of entities subject to joint control, are accounted for using the purchase method. This involves the allocation of the cost of the business combination to the fair values of assets, liabilities and contingent liabilities acquired at the acquisition date and the inclusion of the result of the acquiree starting from the date of acquisition until the end of the fiscal year. If the Group loses control over a subsidiary, it eliminates the related assets (including goodwill), liabilities, minority interests and other components of equity, while any gain or loss is recognized in the income statement. Any shareholding that is possibly retained is recognized at fair value.

Joint-ventures with other shareholders and associates are accounted for under equity method. Changes in the Group's shareholding in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

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

Conversion of financial statements of foreign companies

The financial statements are presented in Euro, the Group's functional currency. Statements of financial position and income statements stated in foreign currency are converted to Euro using the year-end exchange rates for the items of the Statement of Financial Position and average exchange rates for items in the Income Statement. Differences arising from the conversion of opening shareholders' equity at year-end exchange rates are charged to the currency conversion reserve, together with the difference arising from the conversion of the result for the period at average exchange rate with respect to year-end exchange rates.

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

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

- the general population prefers to keep its wealth in non-monetary assets or in a relatively stable foreign currency. Amounts of local currency held are immediately invested to maintain purchasing power;
- the general population regards monetary amounts not in terms of the local currency but in terms of a relatively stable foreign currency. Prices may be quoted in that currency;
- sales and purchases on credit take place at prices that compensate for the expected loss of purchasing power during the extension period, even if the period is short;
- interest rates, wages, and prices are linked to a price index;

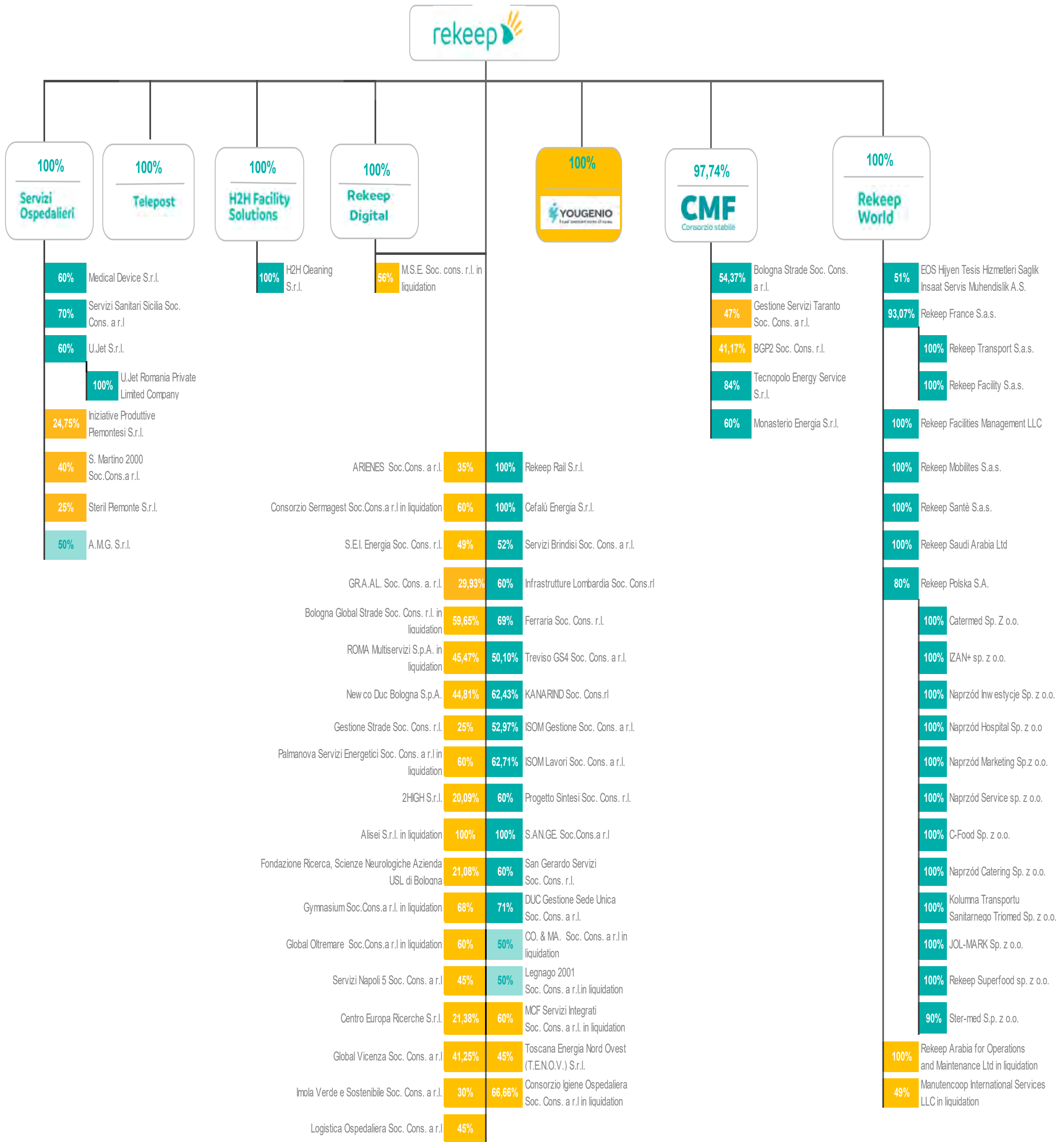
- the cumulative inflation rate over three years approaches, or exceeds, 100%.

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

Currency	**Exchange rate at 31 December 2023**	**Average exchange rate for the year ended 31 December 2023**	**Exchange rate at 31 December 2022**	**Average exchange rate for the year ended 31 December 2022**
United Arab Emirates Dirham (AED) – United Arab Emirates	4.0236	3.9712	3.9233	3.7416
Romanian Leu (RON) – Romania	4.9705	4.9468	4.9400	4.9313
Turkish Lira (TRY) – Turkey	32.5684	32.5684	20.0039	20.0039
Qatar Riyal (QAR)– Qatar	3.9880	3.9360	3.8886	3.8331
Saudi Arabia Riyal (SAR) – Saudi Arabia	4.1085	4.0550	4.0061	3.9489
Zloty (PLN) – Poland	4.3708	4.5413	4.6813	4.6861

The financial statements of the Turkish consolidated company have been prepared by taking account of the application of IAS 29 in view of the cumulative Turkish inflation rate for the past three years, which is more than 100%. Therefore, in the consolidated financial statements at 31 December 2023 the accounts of the consolidated company applying the Turkish lira as the local currency have been prepared in order to report operating results and the statement of financial position at purchasing power prevailing at the end of the reporting period. Accordingly, all items from the financial statements of Turkish company have been translated by using the exchange rate as at the reporting date of the consolidated financial statements.

Scope of consolidation at 31 December 2023 is shown below.



Legend:

Associates and other companies consolidated for under the equity methoddel patrimonio netto

Joint Ventures consolidated for under the equity method

Subsidiaries consolidated on a line-by-line basis

During the 2023 financial year note the following events:

- the winding-up of CO.GE.F. Soc. Cons. a r.l. with effect from 1 January 2023, which, therefore, changed its name to CO.GE.F. Soc. Cons. a r.l. in liquidation; the winding-up process was completed in 2023;
- the winding-up of Consorzio Igiene Ospedaliera Soc. Cons. a r.l. with effect from 1 January 2023, which, therefore, changed its name to Consorzio Igiene Ospedaliera Soc. Cons. a r.l. in liquidation;
- the winding-up of Logistica Sud-Est Soc. Cons. a r.l. with effect from 1 January 2023, which, therefore, changed its name to Logistica Sud-Est Soc. Cons. a r.l. in liquidation; the winding-up process was completed in 2023;
- the winding-up of S.AN.CO S.c.a.r.l. with effect from 1 January 2023, which, therefore, changed its name to S.AN.CO S.c.a.r.l. in liquidation; the winding-up process was completed in 2023 ;
- the merger of the Polish company Naprzód Cleaning sp. z o.o. into the Polish company Naprzód Marketing sp. z o.o, both of which are directly controlled by Rekeep Polska S.A.;
- the shutdown of the Polish company Naprzód IP sp. z o.o. in liquidation, directly controlled by Rekeep Polska S.A., at the end of the winding-up process;
- the shut-down of the Polish company Vendi Service sp. z o.o. in liquidation, directly controlled by Rekeep Polska S.A., at the end of the winding-up process;
- the acquisition of 22% quotas of DUC Gestione S.c. a r.l. by Rekeep S.p.A., which increased from 49% to 71%, thus obtaining the control;
- on 24 October 2023 Rekeep Superfood S.p. z.o.o. was established, wholly owned by Rekeep Polska S.A.;
- the acquisition of 90% quotas of Ster-med S.p. z.o.o. on 20 November 2020. by Rekeep Polska SA;
- on 15 November 2023 Tecnopolo Energy Service S.r.l. was established, the quota capital of which is 84% owned by Consorzio Stabile CMF;
- on 13 December 2023 Monasterio Energia S.r.l. was established, the quota capital of which is 60% owned by Consorzio Stabile CMF.

Furthermore, it should be noted that Rekeep FM sp. z o.o., wholly owned by Rekeep Polska S.A., changed its company name to C-Food Sp. z o.o. as from 3 August 2023.

2.4 Summary of the main accounting policies

Property, plant and equipment

Property, plant and equipment are recognized at historical cost, net of the associated accumulated depreciation and accumulated impairment losses. This cost includes the costs for the replacement of part of the plant and equipment at the moment they are incurred if they conform to the recognition criteria.

Depreciation is calculated on a straight line basis in line with the estimated useful life of the asset, starting from the date the asset becomes available for use, until the date it is sold or disposed of. The carrying amount of property, plant and equipment is subject to impairment test when events or changes suggest that the carrying amount may not be recoverable. A tangible asset is derecognized from the financial statements at the moment of sale or when no future economic benefits are expected from its use or disposal. Any profits or losses (calculated as the difference between net proceeds from the sale and the carrying amount) are included in the income statement in the year of the aforementioned derecognition. The residual value of the asset, useful life and method applied are reviewed annually and adjusted, if necessary, at the end of each financial year.

The useful life of the various classes of tangible assets is estimated as shown below:

	Useful life
Plant and equipment, maintenance and landscaping	11 years
Plant and equipment, maintenance and construction of properties	From 6.5 to 10 years
Telephone systems	4 years
Properties	33 years
Equipment for cleaning/landscaping activities	6.5 years
Equipment for technological system management	3 years
Equipment for building construction and maintenance	2.5 years
Other industrial and commercial equipment	10 years
Laundry equipment	8 years
Linen	From 2.5 to 4 years
Vehicles	From 4 to 5 years
Office furniture and equipment	From 5 to 8 years
Leasehold improvements (including under plant and equipment)	< between useful life and lease term

The item property, plant and equipment in the statement of financial position includes not only property, plant and equipment in the strictest sense, but also machinery, motor vehicles, office machines and furniture.

Financial costs arising from the purchase are charged to the income statement except in the case in which they are directly attributable to the acquisition, construction or production of an asset which justifies their capitalization (qualifying asset), in which case they are capitalized. A qualifying asset is an asset that requires a certain period to be ready for use.

The capitalization of financial costs substantially ceases when all the activities needed to make the qualifying asset ready for use have been completed.

Extraordinary maintenance expenses are only included in the carrying amount of the asset when the company is likely to receive the associated economic benefits in the future and the cost can be reliably measured. The costs of repairs, maintenance or other operations to ensure the functioning of the assets are charged to the income statement in the year in which they are incurred.

Leasehold improvements are classified, on the basis of the nature of the cost incurred, under property, plant and equipment when they meet the capitalization criteria set forth by IAS 16. The period for depreciation corresponds to the lower of the residual useful life of the tangible asset and the residual lease term.

Business combinations

Business combinations are recognized according to the acquisition method. Under this method, the consideration transferred in a business combination is measured at fair value, calculated as the sum of the fair values of the assets transferred and liabilities assumed by the Company at the acquisition date and the equity instruments issued in exchange for control over the acquiree. Additional transaction costs are generally recognized through profit or loss when they are incurred.

At the acquisition date, the identifiable assets acquired and liabilities assumed are recognized at fair value applicable on the acquisition date, except for the following items that are instead measured in accordance with their relevant standard:

- Deferred tax assets and liabilities;
- Assets and liabilities for employee benefits;
- Liabilities or equity instruments relating to payments based on the acquiree’s shares or share-based payments relating to the Company, issued to replace the acquiree’s contracts;
- Assets held for sale and Discontinued Operations.

Goodwill is determined as the excess of the sum of the consideration transferred in the business combination, the value of the shareholders' equity attributable to non-controlling interests and the fair value of any previously-held equity interest in the acquiree compared to the acquisition-date fair value of the net assets acquired and liabilities assumed. If the acquisition-date value of the net assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the value of shareholders' equity attributable to non-controlling interests and the fair value of any previously-held equity interest in the acquiree, this excess is immediately recognized in the income statement as a profit arising from the transaction that has been completed.

Any consideration subject to the conditions set out in the business combination agreement is measured at acquisition-date fair value and included in the value of the consideration transferred in the business combination for the purpose of determining goodwill. Any subsequent fair value changes, which can be qualified as adjustments arising during the measurement period, are included in the goodwill on a retrospective basis. Fair value changes that can be described as adjustments arising in the measurement period are those that arise from more information about facts and circumstances that existed at the acquisition date, obtained during the period of measurement (which may not exceed 1-year period after the business combination).

In the event of business combinations that occurred in stages, the equity interest previously held by the Company in the acquiree is remeasured at fair value at the date control is acquired and any resulting gain or loss is recognized in the income statement. Any values arising from the previously-held equity interest recognized in Other Comprehensive Income or Losses are reclassified in the income statement as if the investment had been sold.

If the initial values of a business combination are incomplete on the reporting date when the business combination took place, the Company reports in its financial statements the provisional values of the items for which recognition cannot be completed. These provisional values are adjusted in the measurement period in order to take account of new information gathered on facts and circumstances existing at the acquisition date which, if known, would have affected the value of assets and liabilities recognized at that date.

Goodwill

Goodwill arising in a business combination, is initially valued at cost, represented by the excess of the cost of the business combination with respect to the share pertaining to the Group in the net fair value relating to the identifiable values of assets and liabilities acquired and contingent liabilities. After the initial recognition, goodwill is valued at cost less any accumulated impairment losses. Goodwill is subject to an analysis of fairness on an annual basis, or more frequently if events or changes are identified which may give rise to any evidence of possible impairment losses.

For the purposes of this analysis of fairness, goodwill is allocated, from the date of acquisition, when the allocation is possible without arbitrariness, to each of the cash-generating units of the Group which believe that they will benefit from the synergies of the acquisition, irrespective of the allocation of other assets or liabilities to said units. Each unit to which goodwill is allocated:

- represents the lowest level, within the Group, at which goodwill is monitored for internal management purposes; and
- is not larger than the segments identified on the basis of either the primary of secondary presentation layout as regards disclosures on the Group’s operating segments, based on IFRS 8 - Operating Segments.

Impairment is determined as the difference between the recoverable value of the cash-generating unit (or group of units) to which goodwill is allocated (“impairment test”) and the book value of goodwill allocated thereto.

When the recoverable value of the cash-generating unit (or group of units) is lower than the carrying amount, an impairment loss is recognized. The value of goodwill previously written down cannot be restored.

Other intangible assets

Intangible assets acquired separately are initially capitalized at cost, while those acquired through business combinations of companies not subject to joint control are capitalized at fair value on the date of acquisition. After initial recognition, intangible assets are recorded at cost net of amortization and accumulated impairment losses.

The useful life of the intangible assets is finite or indefinite. Intangible assets with a finite useful life are amortized over their useful life and subject to fairness tests whenever there is evidence of potential impairment losses. The period of amortization and method applied thereto are reviewed at the end of each financial year or more frequently if necessary. Changes in the expected useful life or the methods with which the future economic benefits of the intangible asset are achieved by the Group are recorded by modifying the period or method of amortization, and treated as changes in the accounting estimates. The amortization charges of intangible assets with a finite useful life are recorded in the income statement under the cost item of "amortization, depreciation, impairment losses and write-backs of assets".

The Group did not record any intangible assets with an indefinite useful life, with the exception of goodwill.

The principles the Group applied for intangible assets are summarized below:

	Concessions, licenses, trademarks and similar rights	**Other intangible assets**
Breakdown of composition	Software and Trademarks	Contractual customers relations
Useful Life	Finite	Finite
Method used	Amortization on a straight line basis over the shortest time span between: > legal term of the right > expected financial period of use	Amortization in proportion to consumption of related backlog
Produced internally or purchased	Purchased	Acquired in business combination
Impairment tests / tests on recoverable value	Yearly or more frequently when there is evidence of impairment	Yearly or more frequently when there is evidence of impairment

Profits or losses arising from the disposal of an intangible asset are measured as the difference between the net sales revenue and the carrying amount of the asset, and are recognized in the income statement at the moment of disposal.

Equity investments in joint ventures and associates

According to the equity method, the equity investment is recognized in the balance sheet at cost increased by changes, after the acquisition, in the Group's share of the investee's net assets. Goodwill relating to the associate is included in the carrying amount of the equity investment and not subject to amortization. Following application of the equity method, the Group determines whether it is necessary to recognize any additional impairment losses with reference to the Group's net equity investment in the investee. The income statement reflects the Group's share of the investee's result for the year. In the event in which the investee recognizes adjustments directly in shareholders' equity, the Group recognizes its share, and presents this, where applicable, in the statement of changes in shareholders' equity.

In the majority of cases, the end of the investees' financial year is the same as that of the Group. Where this does not occur, in most cases, the investees prepare accounting statements at the reporting date of the Group's financial year. The accounting standards used conform to those used by the Group.

Impairment of assets

At the reporting date of the financial statements, the Group assesses whether there is any evidence of impairment of assets. In this case, or in the event an annual impairment test is required, the Group prepares an estimate of the recoverable value. The recoverable value is the higher of the fair value of an asset or cash-generating unit, net of selling costs and its value in use and is determined for each individual asset, except when said asset does not generate cash flows that are largely independent from those generated by other assets or groups of assets. If the carrying amount of an asset is higher than its recoverable value, said asset has been impaired and is subsequently written down to its recoverable value. In calculating the value in use, the Group discounts estimated future cash flows at the present value by using a pre-tax discount rate which reflects the market valuations on the time value of money and the specific risks of the asset. Impairment losses of operating assets are recognized in the income statement under 'amortization, depreciation, impairment losses and write-backs of assets'.

At each reporting date, the Group also assesses whether there is any evidence that the impairment losses recorded previously no longer exist (or have fallen) and, if said evidence exists, estimates the recoverable value. The value of an asset previously written down may only be restored if there have been changes to the estimates used to calculate the recoverable value of the asset following the latest recognition of an impairment loss. In said case, the carrying amount of the asset is adjusted at the recoverable value, without, however, the increased value exceeding the carrying amount that would have been determined, net of amortization, if no impairment loss had been recognized in the preceding years. Any write-back is recognized as income in the income statement, in the same category in which the write-down was recorded, except where the asset is recognized in a revalued amount, in which case the write-back is treated as a revaluation. After a write-back has been recognized, the amortization charge of the asset is adjusted in future periods, in order to break down the modified carrying amount, net of any residual values, on a straight line basis over the residual useful life.

Financial assets

IFRS 9 makes provision for the following types of financial instruments:

- financial assets at amortized cost, i.e. trade receivables and debt instruments characterized by contractual cash flows at defined maturities, represented solely by the repayment of principal and the payment of interest, as well as by a business model that envisages holding them for the sole purpose of receiving such flows;
- financial assets at fair value through OCI (FVTOCI), which include equity instruments that are not held for sale, for which, upon initial recognition, an irrevocable option was exercised for the recognition of fair value changes in a specific equity reserve, as well as debt instruments characterized by contractual cash flows, represented solely by the

repayment of principal and the payment of interest, as well as by a business model that is aimed at the sale of these instruments;

- financial assets at fair value through profit or loss (FVTPL), a category which includes the financial assets for which the conditions for recognition at amortized cost are not fulfilled, as well as equity instruments for which the irrevocable option of recognition at FVTOCI has not been exercised, and debt instruments characterized by contractual cash flows and by a business model that does not allow their recognition in the previous categories.

All financial assets are initially recognized at fair value, increased, in the event of assets other than those at fair value through profit or loss, by additional charges. Following the initial recognition, the Group determines the classification of its financial assets and, where appropriate and permitted, reviews said classification at the closing date of each financial year.

The accounting policies applied by the Group are the following.

Financial assets at amortized cost

Financial assets accounted for at amortized cost are measured using the effective discount rate method. Profits or losses are recognized through profit or loss when financial assets are derecognized from the accounts or when impairment losses occur, as well as through the amortization process.

Financial assets at fair value through OCI

Financial assets at fair value through OCI (FVTOCI) are measured at fair value and profits or losses must be recognized in a separate equity item.

For the year ended, however, as in the previous year, the Group only classifies investments of lower than 20% in this category of assets, which are valued at cost when it can be regarded as a representation of fair value. In particular, consortium companies and consortia, which are not listed on regulated markets and whose objective is to regulate relations as part of temporary business combines established for the operational purposes of management of some service contracts, are valued at cost, represented by the portion of subscribed share capital.

Inventories

Inventories are valued at the lower of cost and net presumed realizable value.

The costs incurred to deliver each asset to its current location and for warehousing are recognized as follows:

Raw materials (excluding fuel)	Purchase cost based on the weighted average cost method
Fuel inventories	Purchase cost based on the weighted average cost method

The net presumed realizable value of raw materials is represented by the replacement cost.

Trade receivables and other receivables

Trade receivables, which generally have contractual maturities of between 30-90 days, are recognized at nominal value, stated in the invoice, net of the provisions for bad debts. This allocation is made in the presence of objective evidence that the Group will not be able to collect the receivable. Uncollectible receivables are written down when they are identified. Receivables and payables in a foreign currency other than the functional currency of the individual entities are adjusted at the year-end exchange rates.

Contract assets on plan construction orders

A job order is a contract specifically stipulated for the construction of an asset on the instructions of a customer, who defines its design and technical features on a preliminary basis.

Job order revenues include the considerations initially agreed with the customer, in addition to the changes to the job order and price variations set out in the contract which can be determined reliably.

When the result of the job order can be determined reliably, the job orders are valued on the basis of the percentage of completion method. The progress status is determined by making reference to the costs of the job order incurred up to the balance sheet date as a percentage of total estimated costs for each job order. The percentage of completion determined in this manner is then applied to the contract price in order to determine the value of contract assets, classified under “Trade receivables". When the costs of the job order are likely to exceed total revenues, the expected loss is recognized immediately as a provision. Should the amount of the contract price already invoiced exceed the estimated value of contract assets, it must be recognized as a payable for the portion exceeding the value of the same and, as such, must be classified under "Contract liabilities".

Cash and cash equivalents

Cash and cash equivalents and short-term deposits in the statement of financial position include cash at hand and sight and short-term deposits, in the latter case with an original maturity of no more than three months.

Loans

All loans are initially recognized at the fair value of the consideration received net of additional charges involved in raising the loan. After initial recognition, loans are valued according to the amortized cost criterion using the effective interest rate method. All profits or losses are recognized in the income statement when the liability is extinguished, as well as through the amortization process.

Derecognition of financial assets and liabilities

Financial Assets

A financial asset (or, where applicable, part of a financial asset or parts of a group of similar financial assets) is derecognized from the accounts when:

- the contractual rights over cash flows arising from financial assets have expired ;
- the Group has transferred the financial asset (transferring the right to receive cash flows from the asset or retaining the right to receive these but assuming the contractual obligation to pay them in full and without delay to a third party) and has transferred substantially all risks and rewards of ownership of the financial asset.

If, as a result of the transfer, a financial asset is derecognized in full, but the result is that the Group obtains a new financial asset or assumes a new financial liability, the Group recognizes the new financial asset, financial liability or liability originating from service at fair value.

Financial Liabilities

A financial liability is derecognized from the accounts when the obligation underlying the liability is discharged, cancelled or fulfilled. In cases where an existing financial liability is replaced by another of the same provider, under essentially different conditions, or the conditions of an existing liability are essentially modified, said exchange or modification is treated as derecognition of the original liability and the recognition of a new liability, and any differences in the carrying amounts are booked to the income statement.

Impairment of financial assets

At the reporting date, the Group assesses whether a financial asset or group of financial assets has incurred any impairment loss.

Assets valued according to the amortized cost criterion

If there is an objective evidence that a loan or a receivable carried at amortized cost has suffered an impairment loss, the amount of the loss is measured as the difference between the carrying amount of the asset and the present value of estimated future cash flows (excluding future credit losses still not incurred) discounted at the original effective interest rate of the financial asset (i.e. effective interest rate calculated at the initial recognition date). The carrying amount of the asset will be reduced both directly and through the use of a provision. The amount of the loss will be recognized through profit or loss.

The Group firstly assesses whether there is any objective evidence of an impairment loss at individual level, for financial assets that are significant on an individual basis, and therefore at individual or collective level for financial assets that are not significant on an individual basis. In the absence of any objective evidence of impairment of a financial asset that is valued individually, whether it is significant or not, said asset is included in a group of financial assets with similar credit risk characteristics and said group is subject to impairment test in a collective fashion, by determining the forecast insolvency rate, i.e. the loss rate (Probability

of default "PD") for the amount of expected losses (Loss Given Default "LGD") calculated taking account of elements of forward looking, thus also reporting and representing incurred losses. The assets valued at individual level and for which an impairment loss is recognized or continues to be recognized, will not be included in a collective valuation.

If, in a subsequent financial year, the size of the impairment loss falls and said reduction can be related objectively to an event which occurred after the recognition of the impairment loss, the previously reduced value can be written back. Any subsequent write-backs are recognized through profit or loss to the extent the carrying amount does not exceed the amortized cost at the write-back date.

Assets recognized at cost

If there is objective evidence of an impairment of an unlisted equity instrument which is not recognized at fair value since it cannot be measured reliably, or of a derivative instrument which is linked to said equity instrument and has to be settled through the delivery of said instrument, the amount of the impairment loss is measured by the difference between the carrying amount of the asset and the present value of expected future cash flows and discounted at the current market rate of return for a similar financial asset.

Financial assets at fair value through OCI

In the case of an impairment of a financial asset at fair value through OCI, a transfer from shareholders' equity is effected of a value equal to the difference between its cost (net of the repayment of capital and amortization) and its present fair value. Write-backs of instruments classified in this category are also recognized in a specific equity reserve.

Provisions for risks and charges

Accruals to provisions for risks and charges are made when the Group has to fulfill a current obligation (legal or implicit) resulting from a past event, resources are likely to be sacrificed to meet said obligation and its amount can be estimated reliably.

When the Group believes that an accrual to the provision for risks and charges will be partially or fully reimbursed, e.g. in the event of risks covered by insurance policies, the compensation is recognized separately under assets if and only if it is virtually certain. In said case, a cost is stated through profit or loss which is the cost of the associated related accrual, net of the amount recognized for the compensation.

If the effect of discounting the value of money is significant, accruals are discounted using a pre-tax discount rate which reflects, where appropriate, the specific risks of the liabilities. When discounting is carried out, the increase in the provision due to the passing of time is recognized as a financial cost.

Provision for employee termination benefits

Liabilities in the form of employee termination benefits are only recognized when the Group is demonstrably committed to: (a) terminate the employment of an employee or group of employees before the normal retirement date; or (b) provide termination benefits as a result of an offer made in order to encourage voluntary resignation for redundancy purposes. The Group is

demonstrably committed to terminate employment only when it has a detailed formal plan for the dismissal (termination of employment) and is without realistic possibility of withdrawal from the plan.

Employee benefits

Italian legislation (art. 2120 of the Civil Code) requires that, on the date of termination of their employment with the company, each employee receives compensation known as ESI (Employee Severance Indemnity). Calculation of this indemnity is based on certain items that form the annual employee remuneration for each year of employment (re-valued as necessary) and on the length of service. According to statutory Italian legislation, said indemnity is reported in the financial statements according to a calculation method based on the indemnity accrued by each employee at the balance sheet date, in the assumption that all employees terminate their employment at said date.

The IFRIC issued by the IASB tackled the issue of Italian ESI and concluded that, in application of IAS 19, it falls within the scope of "defined benefit" plans, as regards post-employment benefits and, as such, must be calculated using the Projected Unit Credit Method (PUCM), in which the amount of liabilities in the form of acquired benefits must reflect the expected date of termination and must be discounted.

Following the 2007 reform of national legislation which governs, for Companies with more than 50 employees, ESI accruing from 1 January 2007, it is established as a "defined contribution" plan, whose payments are accounted for directly in the income statement, as a cost, when recognized. ESI accrued up until 31 December 2006 remains a defined benefit plan, without future contributions.

The Group accounts for actuarial gains or losses arising from the application of the aforementioned method (PUCM) in an appropriate equity reserve according to the provisions of IAS 19 pars. 120 and 128.

The actuarial valuation of the liability was entrusted to an independent actuary. The Group has no other significant defined benefit pension plans.

Leases

According to IFRS16 a lease is an agreement that grants the right to use an asset ("the underlying asset") for a certain period of time against the payment of a consideration. At the inception of the contract the entity must assess whether the contract is, or contains, a lease. The contract is, or contains, a lease if it gives the entity the right to control the use of a specified asset for a period of time in exchange for consideration. An entity must reassess whether a contract is, or contains, a lease only if the terms and conditions of the contract are amended.

For a contract that is, or contains, a lease, the entity must account for each lease component as a lease separately from non-lease components. For contracts that contain a lease component and one or more lease and non-lease components, the lessor must allocate the consideration under the contract by applying IFRS15.

Lease agreements, including operating leases, give rise to a lease liability and are measured by the lessor at the effective date, at the fair value of the leased asset or, if lower, at the present value of lease payments outstanding at that date. Lease payments must be discounted back by using the interest rate implicit in the lease if it is determinable reliably. If it is not possible, the lessee must use its marginal borrowing rate. The underlying asset, which consists of the Right Of Use (ROU), must be recognized among assets against an entry for this liability, in addition to additional costs, amounts paid on the spot, advances and maxi-installments of lease payments (if any). After the effective date, the lessee must measure the asset consisting of the right of use by applying the cost model, unless the fair value model or the revaluation model is applied. Group companies do not apply such alternative models. Capitalized leased assets are amortized over the estimated useful life of the asset and the lease term, whichever is the shorter, if there is no reasonable certainty that the ownership of the asset will be obtained at the end of the contract. Lease payments are split between the portions of principal and interest so as to obtain the application of a constant interest rate on the residual debt balance. Financial costs are charged directly to the income statement.

Finally, the Group has adopted some exceptions allowed by the accounting standard, excluding any lease with a term of less than 12 months, as well as any lease and hire of low value (less than € 5,000) from the related scope of application. Furthermore, the Group has exercised its right to not review whether a contract is, or contains, a lease on the date of first-time adoption (IFRS16.C3).

In fact, as regards the lessor, the accounting method of lease and long-term hire agreements is substantially unchanged with respect to the provisions laid down under the previous IAS17.

Revenue recognition

Revenues are recognized to the extent in which it is likely that economic benefits can be achieved by the Group and the associated amount can be determined reliably. The following specific revenue recognition criteria must be complied with before revenues are charged to the income statement:

Provision of services

The main types of service provided by the Group, separately or jointly as part of Integrated Services, are:

- operation and maintenance of properties and plants, often associated with the provision of heat (energy service);
- cleaning and environmental hygiene services;
- landscaping;
- project management services;
- design services;
- linen rental and industrial laundering and sterilization services.

Revenues are recognized on the basis of the progress of the services underway at the balance sheet date, measured as a percentage with reference to the different variables depending on the services provided and the contracts stipulated with the customer (square meters, hours, costs incurred, hospital days).

The provisions of services, which are still not completed at the reporting date, constitute contract assets and are classified under trade receivables.

Revenues billed at the balance sheet date, which exceed the amount accrued on the basis of the progress status of the service, are suspended under contract liabilities, and classified under trade payables. The considerations, also as part of multi-service contracts, are, as a rule, defined separately by service type and the amount of revenues to be attributed to the individual services is quantified at fair value.

When the outcome of a services transaction cannot be measured reliably, revenues are only recognized to the extent it is believed that the costs incurred can be recovered.

Plant construction activities

The Group recognizes the revenues arising from building contracts on the basis of the percentage of completion of the job order, measured as a percentage of the costs incurred with respect to the total estimated costs for completing the work. When the outcome of a job order cannot be measured reliably, revenues are only recognized to the extent it is believed that the costs incurred can be recovered.

Sales of assets

The revenue is recognized when the company has transferred all significant risks and rewards related to ownership of the asset to the purchaser.

Interest

Interest is recognized as financial income following the verification of interest income accrued (carried out using the effective interest rate method which is the rate that accurately discounts expected future cash flows based on the expected life of the financial instrument at the net carrying amount of the financial asset).

Dividends

Revenues are recognized when the right of shareholders to receive the payment arises.

Government grants

Government grants are recognized when it is reasonably certain they will be received and all inherent conditions are met. When grants are related to cost components, they are recognized as revenues, but are systematically split over the financial years so they are commensurate with the costs they intend to compensate. In the event the grant is related to an asset, the fair value is deducted from the carrying amount of the asset to which it is related and the release to the income statement occurs progressively

over the expected useful life of the asset on a straight line basis, through the systematic reduction of the associated amortization charges.

Income taxes

Current taxes

Current tax assets and liabilities for the year are valued by applying estimate criteria to determine the amount accrued in the financial year which is expected to be recovered or paid to the tax authorities. The rates and tax legislation used to calculate the amount are those issued at the balance sheet date.

Deferred taxes

Deferred taxes are calculated on the temporary differences arising at the balance sheet date between the tax values taken as a reference for assets and liabilities and the values stated in the financial statements.

Deferred tax liabilities are recognized against all temporary taxable differences, except for:

- deferred tax liabilities arise from the initial recognition of goodwill or of an asset or liability in a transaction which is not a business combination and which, at the time of the transaction, does not have any effect on the profit for the year calculated for financial statement purposes or the profit or loss calculated for tax purposes;
- taxable temporary differences associated with equity investments in subsidiaries, associates and joint ventures, in the event in which the reversal of the temporary differences can be controlled and is not likely to occur in the foreseeable future.

Deferred tax assets are recognized against all deductible temporary differences and for tax assets and liabilities carried forward, to the extent it is possible that there will be adequate future tax profits that make the use of temporary deductible differences and tax assets and liabilities carried forward applicable, except in the case in which:

- deferred tax assets connected to deductible temporary differences arise from the initial recognition of an assets or liability in a transaction which is not a business combination and which, at the time of the transaction, does not have any effect on the profit for the year calculated for financial statement purposes or the profit or loss calculated for tax purposes;
- with reference to taxable temporary differences associated with equity investments in subsidiaries, associated and joint ventures, deferred tax assets are recognized only to the extent in which it is likely that the deductible temporary differences will be reversed in the immediate future and that sufficient tax profits will be generated against which the temporary differences can be used.

The value of deferred tax assets to be recognized in the financial statements is reviewed at each reporting date of the financial statements and reduced to the extent it is no longer likely that sufficient tax profits will be available in the future to permit all or part of said receivable to be used. Unrecognized deferred tax assets are reviewed annually at the reporting date of the financial statements and are recognized to the extent it has become likely that the tax profit is sufficient to allow said deferred tax assets to be recovered.

Deferred tax assets and liabilities are measured on the basis of the tax rates that are expected to be applied in the year in which said assets are sold or said liabilities are extinguished, considering the rates in force and those already issued or substantially issued at the balance sheet date.

Income taxes relating to items recorded directly in equity are charged directly to equity and not to the income statement.

Deferred tax assets and liabilities are offset, if there is a legal right to offset the current tax assets with current tax liabilities and the deferred taxes refer to the same tax entity and the same tax authorities.

VAT

Revenues, costs and assets are recognized net of VAT, with the exception of the case in which said tax applied to the purchase of goods or services is non-deductible, in which case it is recognized as part of the purchase cost of the asset or part of the specific cost item recognized through profit or loss. Trade receivables and payables for which an invoice has already been issued or received are carried inclusive of tax.

The net amount of indirect taxes on sales and purchases that can be recovered from or paid to the tax authorities is included in the financial statements under other receivables or payables depending on the accounting sign.

Service concession arrangements

The Group is the holder of concession agreements in which certain companies manage activities in the public interest, provided that the grantor (i) controls/regulates, by determining the price, which public services must be offered by the concessionary companies through the infrastructures that the concessionary company obtains under management or constructs and (ii) maintains, through ownership or by other means, the authorization granted and any other interest in the infrastructures upon expiry of the concession agreement.

The concessionary company shall not carry infrastructure under tangible assets as it does not hold “control”, as set forth in IFRIC 12. The asset to be recognized is the right to use the infrastructure for providing the service, to be classified as a financial asset in the presence of an unconditional right to receive future compensation regardless of actual use of the infrastructure and as an intangible asset in the presence of a right to exploit the infrastructure itself in financial terms, charging users based on use of the service received. Provision is also made for a “mixed” accounting model if the concessionary company is the holder of both a financial asset and an intangible right, where it is necessary to separate the component of remuneration as provided for under

the agreement relating to the financial asset, determining the amount of the intangible asset as a secondary activity (with respect to the value of the construction services provided).

The concessionary company also recognizes revenues for the services it provides, in compliance with IFRS15, and, therefore, the consideration envisaged in the agreement must be allocated with reference to the fair value of the associated services provided (construction, improvements and management respectively). Pursuant to IAS 23, financial costs attributable to the agreement must be recognized as costs in the financial year in which they are incurred, unless the concession holder has recognized an intangible asset, for which said costs are capitalized during the phase of drafting of the agreement. Otherwise, if the concession holder has recognized a financial asset, IAS 39 requires financial income calculated on the basis of the effective interest method to be recognized in the income statement.

Earnings per share

Basic earnings per share are calculated by dividing the net profit for the year attributable to the Parent Company's ordinary shareholders by the weighted average number of outstanding ordinary shares during the year.

Diluted earnings per share are calculated by dividing the net profit attributable to the Parent Company's ordinary shareholders by the weighted average number of outstanding ordinary shares during the year.

The Parent Company presents voluntary disclosures on earnings per share, with reference solely to consolidated data.

Operating segments

An operating segment is made up of a clearly identifiable group of assets and operations which provides a collection of related products and services, subject to risks and rewards other than those of other Group business sectors. For operational purposes, the Group is structured into business areas that coincide with the "strategic business units" (SBU) in which the Group operates.

No operating segments were combined for the purpose of determining the operating segments subject to disclosure obligations.

The Group's Management look at the results achieved by the individual Strategic Business Units separately, for the purpose of making decisions regarding the allocation of resources and performance monitoring. The segment performance is assessed on the basis of the EBIT. The Group's financial management (including loan costs and revenues) and income taxes are managed at Group level and are not allocated to operating segments.

Methods of calculation of costs allocated to segments

The Group includes direct and indirect production costs relating to the business sector in the costs attributed to the segments. Starting from the consolidated financial statements for the year ended 31 December 2007, it was deemed appropriate to also allocate to the segment commercial costs and other general overheads on the basis of the appropriate conventional allocation drivers. By contrast, any income and costs generated by financial management and current and deferred taxes remain unallocated to the segments, while income from equity investments valued at equity is attributed to the segments.

Method of calculation of assets and liabilities allocated to segments

The assets and liabilities have been attributed to the various segments in accordance with the method used for income statement items.

Changes in accounting estimates and errors

Some elements in the financial statements cannot be measured accurately and are therefore the objects of estimates which depend on future uncertain circumstances governing the conduct of the entity's business. Over time these estimates will be revised to take account of the data and information that subsequently become available. The effect of a change in accounting estimates in the financial year in which it has occurred must be recognized prospectively and included in the income statement of that period and in future periods if the change also affects these. Prospective recognition of the effects of the changed estimate means that the change is applied to transactions that take place from the time that the estimate is changed. Accounting estimates are reviewed or changed if new information comes to hand or if there are new developments in operations and. for these reasons, these do not constitute corrections of errors.

Prior period errors are omissions from, and misstatements in, an entity's financial statements for one or more prior periods arising from a failure to use, or a misuse of, reliable information that was available when the financial statements for those periods were authorized for issue, and could reasonably have been expected to have been obtained and used in the preparation and presentation of these financial statements. Such errors include the effects of mathematical mistakes, mistakes in applying accounting standards, oversights or misinterpretation of facts and fraud. Financial statements do not comply with IFRSs if they contain either material errors or immaterial errors made intentionally to achieve a particular presentation of an entity's statement of financial position, financial performance or cash flows. Potential current period errors discovered in that period must be corrected before the financial statements are authorized for issue. Errors recognized in subsequent periods must be corrected in the comparative information presented in the financial statements for that subsequent period if they are material errors and the correction is deemed feasible, restating the opening balances of assets, liabilities and equity for that period ("Restatement").

Restatement is not applied if errors are recognized prospectively should the errors and omissions are considered immaterial. Omissions or misstatements of items are material if they could, individually or collectively, influence the economic decisions that the users make on the basis of the financial statements. Materiality depends on the size and nature of the omission or misstatement judged in the surrounding circumstances.

3. BUSINESS COMBINATIONS

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 to Rekeep and its subsidiaries.

The transfer of the business unit became effective from 1 January 2023 and took place at the price of € 787 thousand, agreed upon between the parties, in line with the business unit's economic value that emerges from the expert's report prepared on the prospective accounting position at 31 December 2022, in addition to an adjustment calculated on the final book value of the business unit at the date of transfer. Within this transaction, Rekeep will proceed with the insourcing of the processing and calculation of Rekeep's payroll, which were previously outsourced to Sacoa, thus also achieving savings.

Accounting effects of the acquisition

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

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

	Recognized value	**Book value**
ASSETS		
NON-CURRENT ASSETS		
Other non-current assets	1	1
TOTAL NON-CURRENT ASSETS	**1**	**1**
CURRENT ASSETS		
Trade receivables and advances to suppliers	687	687
TOTAL CURRENT ASSETS	**687**	**687**
TOTAL ASSETS	**688**	**688**
LIABILITIES		

	Recognized value	Book value
NON-CURRENT LIABILITIES		
Employee termination indemnity	75	75
TOTAL NON-CURRENT LIABILITIES	**75**	**75**
CURRENT LIABILITIES		
Trade payables and contract liabilities	25	25
Other current liabilities	33	33
TOTAL CURRENT LIABILITIES	**57**	**57**
TOTAL LIABILITIES	**132**	**132**
FAIR VALUE OF NET ASSETS	**555**	**555**
EQUITY RESERVE OF THE BUYER FROM BUSINESS COMBINATION	**232**	
Total cost of business combination:		
Consideration paid to the transferor	787	
TOTAL COST OF BUSINESS COMBINATION	**787**	

The fair value of assets and liabilities acquired through the business combination was positive and set at € 555 thousand, while the overall cost of the business combination was equal to € 787 thousand, fully paid at 31 December 2023.

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

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

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

As from the date of the transaction, meeting the requirements of IFRS10, DUC Gestione is consolidated on a line-by-line basis in the consolidated financial statements of the Rekeep Group. It was already previously included in the Group's consolidated financial statements using the equity method.

Accounting effects of the acquisition

he transaction for the acquisition of 22% of the equity interest in DUC Gestione is a business combination: the Group has the refore applied IFRS 3 "Business Combinations" in accounting for it.

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

	Recognized value	**Book value**
ASSETS		
NON-CURRENT ASSETS		
Other non-current assets	321	321
TOTAL NON-CURRENT ASSETS	**321**	**321**
CURRENT ASSETS		
Trade receivables and advances to suppliers	12,602	12,602
Current tax receivables	23	23
Other current assets	450	450
Cash and cash equivalents	374	374
TOTAL CURRENT ASSETS	**13,449**	**13,449**
TOTAL ASSETS	**13,770**	**13.770**
LIABILITIES		
NON-CURRENT LIABILITIES		
Capital and reserves attributable to non-controlling interests	6	6
Long-term loans	367	367
TOTAL NON-CURRENT LIABILITIES	**373**	**373**
CURRENT LIABILITIES		
Short-term loans	31	31
Trade payables and contract liabilities	13,319	13,319
Current tax payables	24	24
Other current liabilities	9	9
TOTAL CURRENT LIABILITIES	**13,383**	**13,383**
TOTAL LIABILITIES	**13,756**	**13,756**

	Recognized value	Book value
FAIR VALUE OF NET ASSETS	**14**	**14**
Fair value of 49% stake already held by the Group	285	
EQUITY RESERVE OF THE BUYER FROM BUSINESS COMBINATION	**(399)**	
Total cost of business combination:		
Consideration paid to the transferor	128	
TOTAL COST OF BUSINESS COMBINATION	**128**	
Net cash used in business combination:		
Cash and cash equivalents of the acquiree	374	
Payments to the transferor	(128)	
NET CASH USED IN THE ACQUISITION	**246**	

The fair value of assets and liabilities acquired through the business combination was positive and set at € 14 thousand while the overall cost of the business combination was equal to € 128 thousand, fully paid at 31 December 2023. The net cash generated by the business combination amounted to € 246 thousand.

3.3 Acquisition of a majority interest 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 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), for the transfer of the additional 10% interest in the company's capital. The exercise price of these options will be calculated with reference to the 10% valuation of the stake as updated on the date of exercise, equal to the product of LTM EBITDA for the quarter immediately preceding that date of exercise by a multiple of 7x, less net debt at the time of exercise.

In application of IFRS accounting standards, the present value of the exercise price of these options, where they could be reliably determined, should have been recognized as a financial liability as early as these consolidated financial statements. As at the date of the consolidated financial statements at 31 December 2023, however, the management of the direct parent company

Rekeep Polska S.A., while believing the exercise of these options to be probable, did not have sufficient evidence to reliably determine the amount of the exercise price thereof and therefore did not account for the related financial liability and the resulting goodwill.

As of today, in fact, it is objectively unlikely to produce a reliable estimate of the above two amounts due to a number of elements of uncertainty such as (i) the significant temporal distance between the date of these Consolidated Financial Statements and the date on which the reference values will be defined; (ii) the numerous variables relevant for the purposes of this valuation and their low predictability, with particular reference to the net financial debt resulting from the growth process that is expected for the Company; (iii) the need for the Group's management to become familiar with the business drivers typical of the sterilization market in Poland, which to date is not included in its core business.

The transaction is part of a strategy to diversify operations in Poland by expanding the range of services offered to customers.

Accounting effects of the acquisition

The transaction involving the acquisition of 90% of the interest in Ster-med was a business combination, so the Group applied IFRS 3 “Business Combinations” in accounting for it.

The fair value of assets and liabilities of the acquired company was determined provisionally, as was the goodwill arising from the transaction. The table below shows the values provisionally attributed to the acquired assets and liabilities:

	Recognized value	Book value
ASSETS		
NON-CURRENT ASSETS		
Property, palnt and equipment	3	3
TOTAL NON-CURRENT ASSETS	**3**	**3**
CURRENT ASSETS		
Trade receivables and advances to suppliers	373	373
Current tax receivables	2	2
Other current assets	390	390
Cash and cash equivalents	42	42
TOTAL CURRENT ASSETS	**807**	**807**
TOTAL ASSETS	**810**	**810**
LIABILITIES		
NON-CURRENT LIABILITIES		
Capital and reserves attributable to non-controlling interests	7	7

	Recognized value	Book value
TOTAL NON-CURRENT LIABILITIES	**7**	**7**
CURRENT LIABILITIES		
Short-term loans	459	459
Trade payables and contract liabilities	219	219
Other current liabilities	60	60
TOTAL CURRENT LIABILITIES	**738**	**738**
TOTAL LIABILITIES	**745**	**745**
FAIR VALUE OF NET ASSETS	**65**	**65**
GOODWILL FROM BUSINESS COMBINATION	**1.366**	
Total cost of business combination:		
Consideration paid to the transferor	1.431	
TOTAL COST OF BUSINESS COMBINATION	**1.431**	
Net cash used in business combination:		
Cash and cash equivalents of the acquiree	42	
Payments to the transferor	(1.354)	
NET CASH USED IN THE ACQUISITION	**(1.312)**	

The fair value of assets and liabilities acquired through the business combination was positive and set at € 65 thousand, while the overall cost of the business combination was equal to € 1,431 thousand, of which an amount of € 1,354 thousand was paid at 31 December 2023. The net cash absorbed by the business combination amounted to € 1,312 thousand.

4. PROPERTY, PLANT AND EQUIPMENT

The table below shows the changes in the company-owned property, plant and equipment in the financial year ended 31 December 2023.

	Property	Plant and equipment	Total
At 1 January 2023, net of accumulated depreciation and impairment	**19,286**	**73,963**	**93,249**
Additions from business combinations	0	325	325
Additions from acquisitions	1,810	35,834	37,644
Disposals	(127)	(1,660)	(1,787)
Depreciation for the year	(1,829)	(23,238)	(25,067)
Others	18,295	(5,116)	13,179
At 31 December 2023	**37,435**	**80,108**	**117,543**
At 1 January 2023			
Historical cost	25,621	475,564	501,185
Accumulated depreciation and impairment losses	(6,335)	(401,601)	(407,936)
NET BOOK VALUE	**19,286**	**73,963**	**93,249**
At 31 December 2023			
Historical cost	45,599	504,947	550,546
Accumulated depreciation and impairment losses	(8,164)	(424,839)	(433,003)
NET BOOK VALUE	**37,435**	**80,108**	**117,543**

The additions from acquisitions which took place in the financial year mainly related to the linen in the *Laundering&Sterilization* segment for € 13,618 thousand and to the purchases of other machinery and specific equipment for € 22,216 thousand, of which an amount of € 13,959 thousand related to investments made by companies of the sub-group controlled by Rekeep Polska for the "centralized kitchen" (Cook&Chill) project to support catering services; an additional phase of the same project was also supported by an investment in land for € 1,730 thousand.

Decreases for the period, totaling € 1,787 thousand, mainly relate to disposals made by the Parent Company Rekeep S.p.A. and the subsidiary Servizi Ospedalieri S.p.A. and mainly arising from the completion of job orders and the replacement of linen.

Other changes mainly relate for € 14,540 thousand to the reclassification as a building held in property of the net book value relating to the property of the headquarters of Rekeep S.p.A., following the exercise of the redemption option under the property lease agreement with MPS Leasing&Factoring, which it had taken over last year through the purchase of the contract from parent company MSC MSC S.p.A., The remaining balance mainly refers to the effect of a change in the exchange rate applied for the translation of balances relating to foreign companies with a currency other than the Euro.

The table below shows the changes in the company-owned property, plant and equipment in the financial year ended 31 December 2022.

	Property	Plant and equipment	Total
At 1 January 2022, net of accumulated depreciation and impairment	**18,243**	**68,132**	**86,375**
Additions from acquisitions	1,917	32,791	34,708
Impairment losses	0	(128)	(128)
Disposals	(14)	(958)	(972)
Depreciation for the year	(945)	(22,986)	(23,931)
Others	85	(2,888)	(2,803)
At 31 December 2022	**19,286**	**73,963**	**93,249**
At 1 January 2022			
Historical cost	23,633	446,619	470,252
Accumulated depreciation and impairment losses	(5,390)	(378,487)	(383,877)
NET BOOK VALUE	**18,243**	**68,132**	**86,375**
At 31 December 2022			
Historical cost	25,621	475,564	501,185
Accumulated depreciation and impairment losses	(6,335)	(401,601)	(407,936)
NET BOOK VALUE	**19,286**	**73,963**	**93,249**

5. PROPERTY, PLANT AND EQUIPMENT UNDER LEASE

The table below shows the changes in property, plant and equipment under lease in the year ended 31 December 2023.

	Rights of use of properties	Rights of use of plant and machinery	Total
At 1 January 2023, net of accumulated depreciation and impairment	**37,663**	**16,962**	**54,625**
Additions from acquisitions	7,470	6,557	14,027
Decreases	0	(523)	(523)
Early termination	(369)	(250)	(619)
Depreciation for the period	(4,343)	(5,921)	(10,264)
Others	(14,568)	1,877	(12,691)
At 31 December 2023	**25,853**	**18,702**	**44,555**
At 1 January 2023			

	Rights of use of properties	Rights of use of plant and machinery	Total
Historical cost	69,338	54,393	123,730
Accumulated depreciation and impairment losses	(31,674)	(37,431)	(69,105)
NET BOOK VALUE	**37,663**	**16,962**	**54,625**
At 31 December 2023			
Historical cost	61,871	62,054	123,924
Accumulated depreciation and impairment losses	(36,017)	(43,352)	(79,369)
NET BOOK VALUE	**25,853**	**18,702**	**44,555**

Property, plant and equipment under leases reported changes during the year, which were due to depreciation for the year, as well as to the execution of new lease agreements for a total of € 14,027 thousand. Of these an amount of € 7,470 thousand related to the execution of new real estate and property lease agreements. The new lease agreements and long-term hire of machinery, vehicles that make up the corporate fleets and equipment amounted to € 6,557 thousand and included surgical instruments rental agreements for € 2,427 thousand, which were signed by subsidiary Servizi Ospedalieri S.p.A..

Furthermore, there was the early termination of some lease and long-term hire agreements for € 619 thousand in 2023.

As already reported in the paragraph above, Other changes relate for € 14,540 thousand to the reclassification, under owned properties, concerning the net book value of the property of the headquarters of Rekeep S.p.A., previously held under lease. The remaining other changes mainly refer to the effect of a change in the exchange rate applied for the translation of balances relating to foreign companies with a currency other than the Euro.

The table below shows the changes in property, plant and equipment under lease in the year ended 31 December 2022.

	Rights of use of properties	Rights of use of plant and machinery	Total
At 1 January 2022, net of accumulated depreciation and impairment	**29,299**	**14,291**	**43,590**
Additions from acquisitions	20,498	5,976	26,474
Decreases		(247)	(247)
Early termination	(8,080)	(792)	(8,872)

	Rights of use of properties	Rights of use of plant and machinery	Total
Depreciation for the period	(4,567)	(5,294)	(9,861)
Others	513	3,028	3,541
At 31 December 2022	**37,663**	**16,962**	**54,625**
At 1 January 2022			
Historical cost	56,407	46,428	102,834
Accumulated depreciation and impairment losses	(27,107)	(32,137)	(59,244)
NET BOOK VALUE	**29,299**	**14,291**	**43,590**
At 31 December 2022			
Historical cost	69,338	54,393	123,730
Accumulated depreciation and impairment losses	(31,674)	(37,431)	(69,105)
NET BOOK VALUE	**37,663**	**16,962**	**54,625**

6. OTHER INTANGIBLE ASSETS

The table below shows the changes in intangible assets in the year ended 31 December 2023.

	Other intangible assets	Goodwill	Total
At 1 January 2023, net of accumulated amortization and impairment	**18,287**	**404,935**	**423,223**
Additions from business combinations	0	1,765	**1,765**
Additions from acquisitions	5,368		**5,368**
Decreases	(12)	0	**(12)**
Amortization for the year	(5,924)	0	**(5,924)**
Others	12	0	**12**
At 31 December 2023	**17,731**	**406,700**	**424,431**
At 1 January 2023			
Historical Cost	134,451	407,252	**541,703**
Accumulated Amortization and impairment losses	(116,164)	(2,318)	**(118,481)**
NET BOOK VALUE	**18,287**	**404,935**	**423,223**
At 31 December 2023			

	Other intangible assets	Goodwill	Total
Historical Cost	139,831	409,017	**548,848**
Accumulated Amortization and impairment losses	(122,100)	(2,318)	**(124,417)**
NET BOOK VALUE	**17,731**	**406,700**	**424,431**

Goodwill is tested for impairment on an annual basis. The increase of € 1,765 thousand in goodwill, from € 404,935 thousand at 31 December 2022 to € 406,700 thousand at 31 December 2023, was linked to the business combination of Ster-med Sp.p z.o.o. and Duc Gestione Sede Unica Scarl, as detailed in note 3 above. For more details on goodwill, reference should be made to note 7 below.

Other intangible assets, amounting to € 17,731 thousand at 31 December 2023, mainly consist of investments in software carried out as part of the projects aimed at upgrading and enhancing the corporate information systems. Additions from acquisitions for the period (€ 5,368 thousand) are mainly attributable to the Parent Company Rekeep S.p.A. and are related to the implementation and upgrading of software platforms used by the Group.

The table below shows the changes in intangible assets in the year ended 31 December 2022:

	Other intangible assets	Goodwill	Total
At 1 January 2022, net of accumulated amortization and impairment	**19,479**	**404,706**	**424,185**
Additions from business combinations		229	229
Additions from acquisitions	4,586		4,586
Amortization for the year	(5,789)		(5,789)
Others	12		12
At 31 December 2022	**18,287**	**404,935**	**423,223**
At 1 January 2022			
Historical Cost	129,853	407,023	536,877
Accumulated Amortization and impairment losses	(110,375)	(2,318)	(112,692)
NET BOOK VALUE	**19,479**	**404,706**	**424,185**
At 31 December 2022			
Historical Cost	134,451	407,252	541,703
Accumulated Amortization and impairment losses	(116,164)	(2,318)	(118,481)
NET BOOK VALUE	**18,287**	**404,935**	**423,223**

7. IMPAIRMENT OF GOODWILL

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

SBU – Facility management

The SBU is identified with:

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

SBU – Laundering & Sterilization

The SBU is identified with:

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

The table below sets forth the carrying amounts of the goodwill recognized in the Consolidated Financial Statements as at 31 December 2023, broken down into the different CGUs.

	31 December 2023	31 December 2022
Goodwill allocated to Facility Management CGU	390,516	388,752
of which International markets	*35,880*	*34,514*
Goodwill allocated to Laundering & Sterilization CGU	16,183	16,183
CONSOLIDATED GOODWILL	**406,700**	**404,935**

Changes during 2023 relate exclusively to the Facility Management CGU. Specifically, goodwill in the period increased by € 399 thousand following the acquisition of an additional 22% of the capital of DUC Gestione Sede Unica Società Consortile a r.l. by Rekeep S.p.A, which enabled it to gain control, and by € 1,366 thousand of the goodwill provisionally determined for the acquisition on the international market front of Ster-med S.p. z.o.o. by Rekeep Polska S.A. on 20 November 2023 (for more details, see note 3 above).

Facility management CGU Goodwill

The goodwill allocated to the Facility management CGU, which amounted to € 390,516 thousand at 31 December 2023, was recognized as a result of various business combinations from 2004 to date, the most important of which are listed below:

- Project 'Palladio', which took place on 29 December 2003, involved the Group acquiring control of the business unit relating to facility management technical services previously managed by the parent company Manutencoop Società Cooperativa (now MSC Società di Partecipazione tra Lavoratori S.p.A.);
- Acquisition of MCB S.p.A., a company through which the Group established the first facility management unit for "network" customers (banks, insurance companies, etc.). In 2010, MCB S.p.A. was merged by incorporation into MP Facility S.p.A. (now H2H Facility Solutions S.p.A.);
- Acquisition of Teckal S.p.A., which was merged by incorporation into Manutencoop Facility Management S.p.A. (now Rekeep S.p.A.) in 2010, through which the Group strengthened the production structure of traditional facility management, in particular in the heat management service;
- Acquisition of Altair IFM S.p.A. (the most significant transaction to date), which enable the Group to gear the customer portfolio towards large private customers. In 2010 the larger companies in the Altair sub-group were merged by incorporation into Manutencoop Facility Management S.p.A (now Rekeep S.p.A.);
- Reverse merger of the Parent Company CMF S.p.A. by incorporation into the subsidiary Rekeep S.p.A. with statutory accounting and tax effects starting from 1 July 2018. The operation, defined as an "Operation Under Common Control" since it was carried out between parties subject to common control, gave rise to the recognition of a merger deficit in

the assets up to the amount recorded in the Consolidated Financial Statements in which the companies involved in the merger participate, i.e. that of Manutencoop Società Cooperativa (now MSC Società di Partecipazione tra Lavoratori S.p.A.). The non-recognizable difference also gave rise to a negative equity reserve.

The Facility management SBU also includes the goodwill generated from acquisitions carried out by Rekeep World S.r.l. and its subsidiaries in foreign markets:

- Acquisition of the majority stake of EOS Hijyen İşletmeciliği Tesis Hizmetleri Sağlık İnşaat Servis ve Mühendislik Anonim Şirketi ("EOS", of which the Group already held a stake of 50%) on 28 February 2018. The Company is active in the linen rental and industrial laundering services and surgical instrument sterilization to support healthcare activities in Turkey, with a portfolio of orders already underway;

- Acquisition of Naprzód S.A. (now Rekeep Polska S.A.), controlling a group of other 15 companies operating in Poland in the provision of facility management services in the healthcare sector, catering and medical transportation services, including outsourcing services, ambulance hire, security in mass events and the transport of disabled people;

- Acquisition of Ster-med S.p. z.o.o., which operates in the sterilization of surgical instruments segment in the healthcare sector. The acquisition was completed through the subsidisry Rekeep Polska S.A. on 20 November 2023.

Laundering & Sterilization CGU Goodwill

The goodwill allocated to the Laundering & Sterilization CGU, which amounted to € 16,183 thousand, emerged as a result of the following acquisition:

- Acquisition during the 2003 financial period of a business unit dealing with the linen rental and industrial laundering and sterilization activities for public and private healthcare of LIS S.p.A., with contracts mainly located in the Marche Region.

- Acquisition during the 2006 financial period of a business unit dealing with the linen rental and industrial laundering and sterilization activities for public healthcare of Lidi Service S.p.A., the activity of which was carried out in Porto Garibaldi (province of Ferrara) plant.

- Acquisition of Omasa S.p.A. in 2007, a company operating in the market for the sterilization of surgical instruments and linen, as well as following further minor acquisition, all made by Servizi Ospedalieri S.p.A., a company operating in the linen rental and industrial laundering and sterilization market. Omasa S.p.A. was then merged by incorporation into Servizi Ospedalieri S.p.A. on 1 July 2009;

- On 3 July 2018, acquisition of Medical Device S.r.l., a trading company which has acquired over the years many certifications for the marketing of Class 3 medical devices, particularly critical for their intended use and requiring very complex certification procedures by Notified Bodies;

- On 1 June 2021 acquisition of U.Jet S.r.l., a trading company specializing in the production of non-woven fabric (TNT) devices mainly aimed at the healthcare market, as well as in the packaging and composition of disposable fabric surgical kits, which are also intended for the healthcare market.

Impairment Test

Pursuant to IAS 36, goodwill is not amortized, but is tested for any possible impairment on an annual basis, or more frequently, should specific events or circumstances arise which provide evidence of an impairment loss. The impairment test, prepared by the Management and presented to the Board of Directors at the time of the approval of the draft financial statements, was carried out through the comparison between the net book value and the recoverable value of the individual CGUs to which goodwill was allocated, determined on the basis of the discounting-back of expected future cash flows relating to the period from 2024 to 2028 and extrapolated from the Business Plan of the Rekeep Group.

The five-year period Business plan (from 2024 to 2028) used for the analysis described in these Explanatory Notes, prepared on the basis of the three-year Business Plan (from 2024 to 2026) approved by the Rekeep S.p.A.'s Board of Directors on 16 February 2024, was approved by the Board of Directors of Rekeep S.p.A. for impairment test purposes only on 21 March 2024.

As from 2019, steps were taken, following the acquisition of the Rekeep Polska sub-group on the part of Rekeep World, to test separately the goodwill allocated to the Facility Management and Laundering & Sterilization CGUs, as well as that accounted for following this business combination, as well as the goodwill pertaining to the sub-group, totaling € 33,851 thousand.

The estimated value in use of the Facility management, Laundering & Sterilization and the Rekeep Polska Group was based on the following assumptions:

- The expected future cash flows, for the period from 2024 to 2028, extrapolated from the Business Plan, are derived from projected cash flows obtained through:
    - determination of the value of the forecast gross margins according to the projection of the backlog of existing service contracts, augmented by the assumptions of renewals and new portfolio acquisitions,
    - estimates of changes in Net Working Capital on the basis of the target days of stock rotation, the payment of amounts due and collection of receivables,
    - assumptions of investments consistent with the performance of forecast revenues in the various business sectors in which the Group operates,
- A terminal value used to estimate future results beyond the time horizon expressly considered. The terminal value was determined by applying a NOPLAT equal to 2028 EBIT adjusted by the average expected depreciation and amortization and investments, net of a nominal tax rate. As regards long-term growth rates, an assumption of 1% was considered for all CGUs.

- The expected future cash flows were discounted back at a discount rate (WACC) of 9.25% for the Facility Management CGU (2022: 9.14%), at a discount rate (WACC) of 8.70% (2022: 6.97%) for the *Laundering&Sterilization* CGU and at a discount rate (WACC) of 9.50% for the Rekeep Polska Group (2022: 13.03%). The WACC was determined by using the Capital Asset Pricing Model ("CAPM"), bywhich the risk-free rate was calculated with reference to the curve of the rates of return of Italian long-term governmentbonds, while the non-diversifiable systematic risk ratio (βeta) and the debt/equity ratio were extrapolated from the analysis of a group of comparable companies operating in the European facility management and laundering sector. In addition, in order to reflect the uncertainty of the current economy and the future market conditions, the cost of the equity component of the WACC rate was increased with a risk premium of 100 basis points for the Facility Management CGU and for Laundering&Sterilization CGU and 50 basis points in Rekeep Polska Group CGU in each financial period.

For all CGUs analyzed, the analysis confirmed that the recoverable value of the same exceeds the associated carrying amount, therefore not requiring any write-downs. On a prudential basis "Worst Cases" were outlined with reference to the WACC, the growth rates applied and a deterioration in operating cash flows compared to forecasts, both with reference to the plan time frame and with reference to the terminal value. However, in simulating nil or negative growth rates, also in combination with WACCs exceeding those applied by one percentage point (and, then, equal to 10.25% for Facility management CGU*,* 9.70% for Laundering & Sterilization CGU and 10.50% for Rekeep Polska Group, there would be no need to make write-downs in all CGUs, as the recoverable value would exceed the related book value.

8. INVESTMENTS ACCOUNTED FOR UNDER THE EQUITY METHOD

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

At 31 December 2023 the net-book value of investments valued at Equity reported a net amount of € 11,349 thousand, against a net amount of € 9,717 thousand in the previous year; these values are already stated net of a provision for risks covering future outlays that are expected to be incurred by the Group on behalf of the associate/joint venture, reclassified under liabilities in the balance sheet (for more details, see note 15).

	Net assets 31 December 2023	Net assets 31 December 2022
Investments accounted for under the equity method	11,758	10,121
Provision for risks on investments	(408)	(414)
INVESTMENTS ACCOUNTED FOR UNDER THE EQUITY METHOD	**11,350**	**9,717**

The breakdown of changes during the year is shown in Annex II attached to the Consolidated Financial Statements, to which reference should be made.

Others include an increase in the shareholding in Newco DUC S.p.A., from 24.90% to 44.81% in two successive stages: (i) following the acquisition of shares by Rekeep S.p.A. from CCC Società Cooperativa on 25 January 2023 at a price of € 735 thousand, and (ii) following participation in the competitive sale of the unitary share package consisting of the quotas held by Cogei Sviluppo Immobiliare S. r.l. in liquidation called by the Court of Bologna, which was completed with the transfer of shares on 6 July 2023 at a price of € 857 thousand; Rekeep participated in the auction jointly with C-Holding S.r.l, which is also a former shareholder of Newco DUC S.p.A., except for dissolving the joint venture on 1 August 2023.

During 2023 investments accounted for under the equity method recorded a net loss equal to € 24 thousand, for the share attributable to the Group (a profit of € 703 thousand at 31 December 2022), following the recognition of income from investments for € 1,606 thousand (€ 730 thousand at 31 December 2022) and losses from investments for € 1,630 thousand (no loss was recognized at 31 December 2022). Positive effects were also recognized directly in the Consolidated Equity to an overall amount of € 233 thousand (€ 703 thousand at 31 December 2022).

Below are the main financial statements data relating to the major companies accounted for under equity method, as well as to the project financing companies owned by the Group. The data relate to the information contained in the most recent approved separate financial statements.

	% Ownership	Total Assets	Total Liabilities	Shareholders' Equity	Net financial position	Revenues	Profit (loss) for the year
Roma Multiservizi S.p.A. in liquidation	45.47%	37,867	(32,635)	(5,232)	(7,918)	57,585	(851)
Project financing companies	<50%	53,184	(47,673)	(5,511)	(25,088)	13,677	896

Project financing companies are vehicles invested in by the Group companies in order to do work in the field of long-term project financing concessions.

9. OTHER NON-CURRENT ASSETS

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

	31 December 2023	31 December 2022
Other investments	5,996	5,996
Non-current financial assets	6,929	24,202
Other non-current assets	4,607	3,104
OTHER NON-CURRENT ASSETS	**17,532**	**33,302**

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

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

Non-current financial assets, amounting to € 6,929 thousand at 31 December 2023 (€ 24,202 thousand at 31 December 2022), are composed of:

- € 1,135 thousand of non-current financial receivables due from associates, affiliates or joint-ventures (€ 1,493 thousand at 31 December 2022). The face value of these receivables is € 1,170 thousand, while the discounting fund amounts to € 35 thousand (€ 1,517 thousand and € 24 thousand at 31 December 2022, respectively). Some of these are non-interest bearing since they were drawn down from each consortium partner and are thus discounted on the basis of their expected residual maturity, applying Eurirs as the reference interest rate, plus a spread;

- € 4,693 thousand of Non-current financial receivables from third parties (€ 21,608 thousand at 31 December 2022). The item includes the balance of an escrow account of € 2,000 thousand, and the long-term portion, equal to € 2,357 thousand, of the deferred price relating to the sale of 95% of the quota capital of MFM Capital S.r.l. to 3i EOPF, which took place in December 2018 (unchanged compared to 31 December 2022), the collection of which is subject to the completion of the construction phase on some project financing companies subject to disposal. The decrease in the item is mainly attributable to the amounts pledged as collateral for the contracts for the supplies of gas (*cash collateral*) of the Parent Company, of which an amount of €4.5 million was converted into cash in March 2023 and €12.4 million reclassified to short-term items among financial receivables, since they were converted into cash within 1 year of the reporting date for the period, and forming part of cash and cash equivalents of Rekeep S.p.A. in February 2024;

- € 1,101 thousand of securities held to maturity (unchanged compared to 31 December 2022).

Furthermore, the item is made up of security deposits related to long-term manufacturing contracts for € 2,757 thousand (€ 2,065 thousand at 31 December 2022) and long-term deferrals relating to some contracts equal to 847 thousand (€ 670 thousand at 31 December 2022).

10. INVENTORIES

The Group recognized inventories of € 13,373 thousand at 31 December 2023, marking a decrease of € 12,088 thousand compared to the amount in the previous year.

	31 December 2023	31 December 2022
Inventories of raw materials, consumables and goods for resale	13,782	12,507
Provision for write-down of raw materials, finished products and goods for resale	(409)	(419)
INVENTORIES	**13,373**	**12,088**

The final inventory of raw materials is composed of materials and goods for resale present in the warehouses, while waiting to be used at work sites, valued at the average weighted purchase cost, goods for resale (mostly medical devices) stored in the warehouses of Medical Device S.r.l. and U.Jet S.r.l. and stocks of fuel in tanks belonging to integrated service customers. The change was mainly attributable to the inventories in medical devices and personal protective equipment (PPE) of Medical Device and U.Jet at the end of the year, as well as the provision for write-down of finished products, as determined by the comparison between the carrying amount of inventories and presumed realizable value at 31 December 2023.

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

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

	31 December 2023	of which from related parties	31 December 2022	of which from related parties
Contract assets	29,959	1,353	33,161	396
Trade receivables, gross	457,744		475,471	

	31 December 2023	of which from related parties	31 December 2022	of which from related parties
Allowance for doubtful accounts	(20,683)		(19,598)	
Trade receivables due from third parties	**467,020**	**1,353**	**489,034**	**396**
Trade receivables from MSC	14	14	477	477
Trade receivables from Associates, Affiliates and Joint Ventures	39,776	39,776	41,632	41,632
Trade receivables from Group	**39,790**	**39,790**	**42,109**	**42,109**
Advances to suppliers	6,961	1	6,084	
TRADE RECEIVABLES AND ADVANCES TO SUPPLIERS	**513,771**	**41,144**	**537,227**	**42,505**
Current tax assets within 12 months	11,531		35,908	
Other current assets due from third parties	14,482		18,174	
Due from social security institutions	1,089		1,316	
Due from employees	165		222	
Other current assets from third parties	**27,267**	**0**	**55,620**	**0**
Current assets from MSC	317	317	333	333
Current assets from Associates, Affiliates and Joint Ventures	244	244	269	269
Other current assets from Group	**561**	**561**	**602**	**602**
Accrued income	1,063		845	
Prepaid expenses	2,790		2,144	
Accrued income and prepaid expenses	**3,853**	**0**	**2,989**	**0**
OTHER CURRENT ASSETS	**31,681**	**561**	**59,211**	**602**

The balance of trade receivables and advances to suppliers, which also includes contract assets, amounted to € 513,771 thousand at 31 December 2023, down by € 23,456 thousand compared to 31 December 2022 (€ 537,227 thousand), linked to lower prices, in particular of energy, and the actions taken for working capital management during the year.

The change in question was due to a decrease of € 16,850 thousand in trade receivables from third parties and advances to suppliers, and of € 2,319 thousand in receivables from other Group companies. Furthermore, there was a decrease in contract assets for € 3,202 thousand, while provision for bad debts increased by € 1,085 thousand.

In 2023 the Group continued to hold contracts for the assignment without recourse of trade receivables from third parties, including the no-recourse maturity factoring agreement with BFF Bank S.p.A. due 25 January 2028 signed by the Parent Company Rekeep S.p.A. and other subsidiaries and concerning the assignment on a revolving basis of receivables claimed by the same companies

from entities in the National Health System and Public Authorities, in an amount of up to € 300 million. These are accompanied by additional relationships with factoring companies for the disinvestment of specifically-agreed credit positions claimed both from entities in the National Health System and Public Authorities and from private entities.

During the year, the Group made assignments of trade receivables amounting to € 322,457 thousand (of which the balance amounting to € 62,795 thousand has not yet collected from the customer on the part of factoring companies): in all assignments, the assigned trade receivables were subjected to derecognition according to IFRS 9 in consideration of the characteristics of the transactions and entailed interest discount costs totaling € 3,615 thousand.

Finally, trade receivables from non-consolidated Group companies and other related parties amounted to € 41,144 thousand in addition to advances for € 1 thousand (€ 42,505 thousand at 31 December 2022). For more details, reference should be made to Annex III – Related-Party transactions.

A specific provision for bad debts was recorded against non-performing loans, which are difficult to fully recover, amounting to € 20,683 thousand at 31 December 2023 (€ 19,598 thousand at 31 December 2022). S Changes in the provision during the eriod are detailed as follows:

	31 December 2022	Increases	Uses	Releases	Others	31 December 2023
Provision for bad debts	**19,598**	7,057	(3,161)	(632)	(2,180)	**20,683**

An analysis of trade receivables at 31 December 2023 and as at the end of the previous year is provided below, broken down by maturity. The balances shown are net of the provision for bad debts.

	Total	Trade receivables reaching maturity	Overdue trade receivables				
			< 30 days	30 - 60 days	60 - 90 days	90 - 120 days	beyond 120 days
31 December 2023	**437,061**	323,048	24,296	11,635	10,766	6,877	60,440
31 December 2022	**455,873**	366,548	27,739	11,262	6,650	3,371	40,303

Other current assets, equal to € 31,681 thousand (€ 59,211 thousand at 31 December 2022), showed a total decrease of € 27,530 thousand.

Below are the details of the most significant entries in this item:

- tax receivables, which mostly include receivables concerning the VAT payments made by the Group companies (€ 9,232 thousand against € 10,282 thousand at 31 December 2022), which continue to show a credit balance given the widespread application of the regulations governing “Split-payment” and “Reverse charge” to the cycle of purchasing and sales invoicing. Assignments without recourse of VAT receivables of some Group companies were made in 2023 for a total nominal amount of € 33,876 thousand;

- receivables for short-term security deposits on new annual electricity and gas utility contracts paid to suppliers for € 3,505 thousand (€ 7,354 thousand at the end of the previous year);

- tax credits, including the recognition of the tax credits for the period, including the tax credit to partially offset the higher costs incurred for the purchase of electricity and natural gas in the first and second quarter of the year for € 17,701 thousand, against the use of the same credits as offsetting during the year. Tax credits not yet been used on the reporting date amounted to € 765 thousand (€ 24,174 thousand at 31 December 2022).

12. CASH AND CASH EQUIVALENTS, RECEIVABLES AND OTHER CURRENT FINANCIAL ASSETS

A breakdown of the balance as at 31 December 2023 and 31 December 2022 is shown below:

	31 December 2023	31 December 2022
Bank and postal deposits	76,419	82,705
Cash in hand	165	162
Current financial accounts - consortia	228	1,376
CASH AND CASH EQUIVALENTS	**76,812**	**84,243**
Current financial receivables from third parties	13,987	6,540
Current financial receivables from Group Companies	1,255	285
Marketable securities	211	0
Other receivables for dividends	92	192
RECEIVABLES AND OTHER CURRENT FINANCIAL ASSETS	**15,545**	**7,017**

Bank deposits accrue interest at the respective short-term interest rates.

Amounts deposited at Consorzio Integra and Consorzio Nazionale Servizi (C.N.S.) also have the nature of available current accounts on demand and accrue interest.

At 31 December 2023 *Current financial assets* amounted to € 15,545 thousand (€ 7,017 thousand at 31 December 2022) and mainly include:

- The balance of the escrow accounts for € 12,350 thousand of the amounts pledged as collateral for the contracts for the supply of gas (cash collateral) previously included among non-current financial receivables and reclassified as short-term at 31 December 2023 since they can be converted into cash within 1 year from the reporting date for the period. It should be noted that at 9 February 2024, these amounts had been fully released and made available in the ordinary current accounts of Rekeep S.p.A.;
- the balance of the pledged current accounts dedicated to the operation of the service for managing receipts within the scope of assignments of trade receivables without recourse, equal to € 779 thousand (€ 5,564 thousand at 31 December 2022);
- financial receivables for the transfer of the remaining balance of electricity and gas tax credits to the parent company MSC by some Group companies for € 630 thousand;
- an overall amount of € 643 thousand of receivables for short-term loans and financial accounts held with non-consolidated Group companies (€ 855 thousand at 31 December 2022).

13. SHARE CAPITAL AND RESERVES

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

Ordinary shares have a nominal value of € 1 each. Ordinary shares issued and fully paid up at 31 December 2023 amounted to 109,149,600.

The Parent Company does not hold own shares.

Reserves and retained Earnings

The table below shows changes in Equity reserves in the year.

	Share premium reserve	Legal reserve	SE reserves companies valued at SE	Translation reserve	SORIE reserve	Other reserves	Total reserves
31 December 2021	**145,018**	**21,830**	**3,714**	**(1,165)**	**(4,916)**	**(152,972)**	**11,510**
Allocation of prior year result				1,165	(63)		1,102
Currency appreciation due to hyperinflation						613	613
Business combinations “under common control”						(6,866)	(6,866)
Economic effects accounted for in equity			695	(1,042)	684		338
31 December 2022	**145,018**	**21,830**	**4,409**	**(1,042)**	**(4,294)**	**(159,226)**	**6,696**
Allocation of prior year result				1,041	(394)	(613)	**33**
Business combinations “under common control”						(168)	**(168)**
Economic effects accounted for in equity			233	1,244	(269)		**1,208**
31 December 2023	**145,018**	**21,830**	**4,642**	**1,243**	**(4,958)**	**(160,006)**	**7,769**

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

- the reserve originating from the recognition of transactions under common control, which includes the differences between the purchase cost and the net carrying amount of the assets acquired under business combinations between entities under common control, for a loss of € 250,695 thousand. This reserve includes € 198,261 thousand for the effects of the reverse merger of CMF S.p.A. by incorporation into Rekeep S.p.A., which took place on 1 July 2018. Furthermore, the negative reserve showed an increase of € 6,866 thousand at 31 December 2022, due to the effects of the agreement signed by Rekeep S.p.A. with its parent company MSC Società di Partecipazione tra Lavoratori S.p.A. on 30 June 2022, relating to the acquisition of the “Personnel activities” business unit. Finally, the negative reserve showed an increase of € 168 thousand at 31 December 2023, due to the effects of the agreement signed on 22 December 2022 by Rekeep S.p.A. with Sacoa S.r.l., part of the same group led by the parent company MSC Società di Partecipazione tra Lavoratori S.p.A., relating to the acquisition of the “Major Customers” business unit (for more details, see note 3 above);
- the Parent Company’s extraordinary reserve equal to € 43,967 thousand.

The table below shows changes in *Retained earnings*:

	Retained earnings of the Parent Company	Consolidation reserve	Total retained earnings
31 December 2021	**3,809**	**(55,135)**	**(51,326)**
Allocation of prior year result		(23,690)	(23,690)
Change in consolidation area		(1,099)	(1,099)
31 December 2022	**3,809**	**(79,924)**	**(76,115)**
Allocation of prior year result		27,098	27,098
Change in consolidation area		805	805
31 December 2023	**3,809**	**(52,021)**	**(48,212)**

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

	31 December 2023	31 December 2022
Equity attributable to non-controlling interests	**6,515**	**6,096**
of which attributable to:		
Subsidiaries of Rekeep World S.r.l.	689	882
Subsidiaries of Servizi Ospedalieri S.p.A.	5,158	4,628
Other subsidiaries and consortia	668	586

	31 December 2023	31 December 2022
Profit for the year attributable to non-controlling interests	**690**	**368**
of which attributable to:		
Subsidiaries of Rekeep World S.r.l.	214	100
Subsidiaries of Servizi Ospedalieri S.p.A.	536	268
Other subsidiaries and consortia	(61)	0

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

Rekeep World S.r.l., which is the Group's sub-holding company active in the development of international markets, holds a stake of 70% of the capital of Rekeep France S.a.s. and an investment of 80% in the capital of the Polish company Rekeep Polska. There is no recognition of equity attributable to minority shareholders of these subsidiaries since a Put option is granted to minority shareholders, which is recognized as a financial liability in the Consolidated Financial Statements. During 2018 EOS, a Turkish company in which Rekeep World S.r.l. acquired a majority stake against a stake of 49% held by local partners was consolidated for the first time. The valuation of the stake pertaining to minority shareholders was accounted for as an increase during the year in the Shareholders' Equity of non- controlling interests.

Finally, Shareholders' equity of third parties includes the minority interests of Medical Device S.r.l. (60% owned by Servizi Ospedalieri S.p.A.) and of U.Jet S.r.l., which is also 60% owned by Servizi Ospedalieri S.p.A..

14. EMPLOYEE TERMINATION INDEMNITY (TFR)

Below are the changes in the liabilities relating to Employee Termination Indemnity (TFR) in 2023, compared with changes in the previous year.

	For the year ended	
	31 December 2023	31 December 2022
AT 1 JANUARY	**9,970**	**10,483**
Additions for business combinations	75	597
Current Service cost	1,426	1,587
Interest costs on benefit obligations	352	57
Benefits paid	(1,780)	(1,976)
Net actuarial (gains)/ losses from benefit obligations	376	(774)
Other changes	0	(3)
AT 31 DECEMBER	**10,419**	**9,970**

Below is reported the breakdown of the net cost of employee benefits relating to the termination indemnity:

	For the year ended	
	31 December 2023	**31 December 2022**
Current service cost	1,426	1,587
Interest costs on benefit obligations	352	57
Net cost of the benefits recognized through profit or loss	**1,777**	**1,644**
Net actuarial (gains)/ losses recognized in equity	376	(774)
TOTAL NET COST OF THE BENEFIT	2,154	**870**

The main financial and demographic assumptions used in the actuarial valuation of the obligation relating to TFR are illustrated below:

	31 December 2023	31 December 2022
Discount rate	3.17%; 3.08%	3.77%; 3.63%
Inflation rate	2.00%	5.9% (2023); 2.3% (2024); 2,0% (from 2025)
Estimated turnover	From 3.5% to 10.00%	From 3.5% to 10.00%

The discount rates used to assess the TFR obligation are defined on the basis of curves of rates of return of high-quality fixed-interest securities, the amounts and maturity dates of which correspond to those of the payments of expected future benefits. In 2023 two different discount rates were used by the Group depending on the remaining average period of time during which personnel remains in each company, equal to 3.17% and 3.08% (equal to 3.77% and 3.63% in 2022).

The estimated turnover rate is presented in a range as the actuary appointed by the Group Companies for the actuarial estimate of the liability used different turnover rates for the individual companies.

The effects on the TFR obligation from the increasing or decreasing measurement of the financial rates in relation to reasonably possible changes in interests rates and in the assumptions of average duration of the working population, while maintaining all the other variables unchanged, are illustrated below:

	Financial year ended 31 December 2023		Financial year ended 31 December 2022	
	Assumptions	Employee Termination Indemnity	Assumptions	Employee Termination Indemnity
Discount rate	+ 0.25 bps	10,273	+ 0.25 bps	9,872
	- 0.25 bps	10,619	- 0.25 bps	10,189
Inflation rate	+ 0.25 bps	10,524	+ 0.25 bps	10,106
	- 0.25 bps	10,364	- 0.25 bps	9,951
Actuarial assumptions	+ 2.00 ppt	10,463	+ 2.00 ppt	10,065
	- 2.00 ppt	10,420	- 2.00 ppt	11,988

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

	For the year ended	
	31 December 2023	31 December 2022
Executive	69	68
White collars	1,777	1,741
Blue collars	23,877	24,939
AVERAGE STAFF	**25,723**	**26,748**

15. PROVISIONS FOR RISKS AND CHARGES

Below are reported the breakdown and changes in provisions for risks and charges for the year ended 31 December 2023:

	Risks on Investments	Risks on job orders	Pending disputes	Tax litigation	Agents' indemnity leave	Severance provisions	Other provisions	Total
At 1 January 2023	**414**	**12,886**	**25,344**	**441**	**176**	**670**	**8,743**	***48,675***
Accruals	8	6,142	2,900	0	0	0	6,779	**15,828**
Uses	(9)	(2,619)	(1,703)	(2)	0	(32)	(3,399)	**(7,764)**
Reversals	0	(323)	(376)	0	0	0	(166)	***(864)***

	Risks on Investments	Risks on job orders	Pending disputes	Tax litigation	Agents' indemnity leave	Severance provisions	Other provisions	Total
Others	(5)	378	(265)	8	(176)	0	(1,417)	***(1,477)***
At 31 December 2023	**408**	**16,465**	**25,900**	**447**	**0**	**638**	**10,541**	***54,398***
At 31 December 2023:								
Current	*408*	*14,989*	*272*	*447*	*0*	*638*	*5,953*	***22,707***
Non-current	*0*	*1,476*	*25,628*	*0*	*0*	*0*	*4,587*	***31,692***
At 31 December 2022:								
Current	*414*	*11,890*	*369*	*447*	*0*	*670*	*4,692*	***18,483***
Non-current	*0*	*996*	*24,974*	*(6)*	*176*	*0*	*4,051*	***30,192***

Provision for risks on investments

The item, amounting to € 408 thousand (€ 414 thousand at 31 December 2022), includes the provision for unrecoverable future losses of Group companies and relates for € 126 thousand to the subsidiary Alisei S.r.l. in liquidation, for € 114 thousand to the subsidiary Manutencoop International Services LLC in liquidation and for € 169 thousand to the subsidiary Yougenio S.r.l. in liquidation.

Provision for risks on job orders

This provision includes, at consolidated level:

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

The balance amounted to € 16,465 thousand at 31 December 2023 (€ 12,886 thousand at 31 December 2022), up by € 3,579 thousand against accruals of € 6,142 thousand, uses and releases of € 2,941 thousand and other changes of €378 thousand.

Provisions for pending legal disputes

At the reporting date of the financial statements, the risk was assessed for the Group to be required to pay future compensation in the event of losing cases in legal actions pending with customers, suppliers, employees and others. During the year ended 31 December 2023 the provision, totaling € 25,900 thousand (€ 25,344 thousand at 31 December 2022), recorded increases for accruals to provisions of € 2,900 thousand and decreases for uses and releases totaling € 2,078 thousand, as well as other changes of € 265 thousand.

Provisions were recognized to hedge the risks involving the Parent Company Rekeep S.p.A. for € 2,474 thousand. Uses and reversals for the period, most of which are attributable to the Parent Company, relate to the use of provisions set aside in previous years against the settlement of disputes with suppliers and of actions with other persons or entities.

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

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

Subsequently, on 16 June 2017 Consip officially informed Rekeep S.p.A. of its own decision concerning the exclusion of the Company from the tenders for new agreements relating to cleaning services of barracks (“Consip Caserme”) and to cleaning services with health service providers (“Consip Sanità”), with the intention also to confiscate, in this last case, the surety given by the Company during the tender for the amount of approximately € 10.4 million (known as “bid bond). The order of exclusion has been confirmed by both the Regional Administrative Court and the Council of State and, finally, by the Supreme Court, which, by an order published on 22 December 2021, rejected the judicial appeal submitted by the Company before the Supreme Court. In the meantime, Consip S.p.A. asked the guarantors to enforce the guarantees (bid bonds) provided in the interest of Rekeep for the Consip Sanità tender (equal to € 10.4 million) and Consip Caserme (equal to € 3.4 million). Rekeep S.p.A., with independent appeals and additional grounds, challenged these measures before the Lazio Regional Administrative Court, which rejected the appeals. By an order dated 22 March 2021 the Council of State suspended the enforcement of the judgment; at the hearing on the merits held on 7 October 2021 the Council of State suspended the proceedings pending the filing of the decision on the part of the Constitutional Court as to a dispute regarding Consip's enforcement of provisional deposits against a competitor, during which objections were raised regarding constitutional legitimacy. On 26 July 2022, the Constitutional Court rejected the objections concerning constitutional legitimacy by judgment 198/2022. Therefore, following a request to schedule a hearing, the Council of State met for discussion on 2 February 2023 and ordered the suspension of the proceedings, pending a decision on the part of the European Court of Justice on preliminary issues submitted in another appeal (but overlapping with those raised by the defense counsels to the Company) and referred by the Council of State by order to the European Court. However, a single-member board’s Presidential decree suspending the challenged judgments had been obtained in the meantime. Finally, on 28 July 2020, one of the guarantors (Atradius) served on Rekeep an appeal before the Civil Court of Rome under Article 702-bis in order to obtain the payment of the sums relating to the sureties issued for the participation in the Consip Sanità tender, pending the

enforcement on the part of Consip. At the first appearance hearing held on 24 March 2021, the Court ordered for the summary procedure to be converted into ordinary procedure and for the parties' to appear at the hearing scheduled on 21 September 2022: on that occasion further preliminary motions submitted by the opposing party were rejected and a hearing was set for the specification of conclusions on 21 June 2023, as a result of which, on 27 November 2023, the Court of Rome issued a ruling accepting in part the opposing party's claims, ordering Rekeep to provide in its favor a guarantee equal to the amount of the surety enforced by Consip and providing, in case of failure or delay in providing the guarantee, the application of a penalty ("*astrenide*") of € 500/day.

Finally, on 6 March 2020 Consip S.p.A. informed the Company of the exclusion from the tender for the cleaning of museum premises ("Consip Musei"), with the intention of sending the document to ANAC, which may proceed with the entry in the electronic criminal records of "Useful information". On 13 March 2020 a request was also sent for the enforcement of the bid bond relating to this tender (equal to € 2.8 million). The Company challenged these orders before the Regional Administrative Court, which rejected the appeal. However, by an order of 11 March 2021 the Council of State granted the preliminary request submitted by the Company and suspended the enforcement of the judgment that had been appealed against. At the hearing held on 7 June 2022, the Council of State suspended the proceedings pending the filing of the Constitutional Court's decision, which, on 26 July 2022, rejected the objections on constitutional legitimacy by judgment 198/2022. Thus following a request to schedule a hearing, the Council of State met for discussing the substance of the matter on 29 November 2022, while considering the lawfulness of the order of exclusion from the Consip Musei tender and of enforcement of the bid bond. The Company has filed an appeal for review before the Council of State, which, by an order dated 24 March 2023, ordered the suspension of the challenged order limited to the enforcement of sureties. The Council of State set the next hearing for 23 May 2024.

The Consip Sanità, Consip Caserme and Consip Musei tenders did not generate consolidated Revenues until 31 December 2023 and were not included in the Group's backlog at 31 December 2023.

In the Consolidated Financial Statements at 31 December 2023 the Directors already decided to maintain the provisions for future charges (equal to € 17.5 million), also taking account of the risk of enforcement of the abovementioned performance bond and bid bonds and despite the fact that Rekeep S.p.A. could submit sound arguments against the enforcement of the bonds in court.

The dispute concerning the fine imposed in relation to the FM4 Tender still continued in 2023.

On 23 March 2017, the Competition Authority notified Rekeep S.p.A. (at the time Manutencoop Facility Management S.p.A.) of the start of an investigation procedure against the Company itself, as well as against CNS – Consorzio Nazionale Servizi Società Cooperativa, Dussmann Service S.r.l., Engie Servizi S.p.A. (formerly Cofely Italia S.p.A.), ManitalIdea S.p.A., Romeo Gestioni S.p.A. e STI S.p.A. and subsequently extended to Exitone S.p.A., Manital Società Consortile per i Servizi Integrati per Azioni Consorzio Stabile, Manital S.c.p.a., Gestione Integrata S.r.l., Kuadra S.r.l. in Liquidation, Esperia S.p.A., Engie Energy Services International SA, Veolia Energie International SA, Romeo Partecipazioni S.p.A., Finanziaria Bigotti S.p.A., Consorzio Stabile Energie Locali S.c.a.r.l. to ascertain whether those companies put in place a possible anti-competitive agreement whose subject matter consisted of the coordination of the procedures for taking part in the tender called by Consip in 2014 for awarding the

Facility Management services intended for properties mainly for office use of the Public Administration (known as “FM4 Tender”). On 9 May 2019, after the completion of the abovementioned proceedings, the Competition Authority served the final order, considering the existence of the agreement restricting competition between some of the abovementioned companies and imposing a sanction of € 91.6 million on the Company.

The Lazio Regional Administrative Court’s judgment of 27 July 2020 partially granted the appeal submitted by the Company, albeit confirming the Competition Authority’s Order as regards the merits, the Regional Administrative Court granted the request for redetermination of the fine setting the parameters. Subsequently, the Competition Authority therefore again set the new fine at € 79.8 million. The Company challenged both the Regional Administrative Court’s judgment before the Council of State and 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 appeal submitted by the Company by a judgment filed on 9 May 2022.

Against the ruling, the Company filed an appeal for review before the Council of State on 10 June 2022 and an appeal before the Supreme Court on 8 July 2022, both of which were declared as being inadmissible. The Company, through its attorneys, brought an appeal before the European Court of Human Rights in connection with the judgment of the Council of State that settled the appeal by review, which, in a decision adopted on 25 January 2024, declared the appeal to be inadmissible. An appeal was also brought to the Court of Cassation against the judgment of the Council of State dismissing the appeal for review.

Rekeep S.p.A., also on the basis of what has been agreed with its lawyers and maintaining the position it has always taken on the matter, believes that the sanctioning order is completely groundless. The Company therefore considers that the measure is unjustified and declares that it is sure of the absolute correctness of its conduct and of having always acted in compliance with the market rules applicable to the Consip FM4 Tender.

As regards the effects on the financial statements, the Directors recognized the debt and the related cost associated with the expected financial outlay for an amount of € 79,800 thousand as early as from the financial statements at 31 December 2020, given the enforceability of the fine and while continuing to rely on the reasonableness of the defense arguments, as stated in the final order of the Competition Authority and entered in the taxpayers’ list on the part of the Revenue Agency. For the payment of the debt, the Company applied for and obtained from the Revenue Agency a payment plan of 72 monthly installments, at an interest rate of 4.5%, which was finally updated on 22 December 2020. The residual debt amounted to € 55,172 thousand at 31 December 2023. For more details on the liability stated, reference should be made to note 19 below.

Furthermore, on 28 June 2019 Consip S.p.A. served on Rekeep S.p.A. the order providing for its exclusion from the FM4 Tender due to the breach of Article 38, paragraph 1.f, of Legislative Decree 163/2006, as well as of Article 68 of Royal Decree 827/1924 and of Article 38, paragraph 2, of Legislative Decree 163/2006, while notifying the enforcement of the provisional guarantees provided by Rekeep S.p.A. in tendering (equal to € 3.9 million). With regard to this exclusion, ANAC initiated a procedure under

Article 38, paragraph 1-ter, of Legislative Decree no. 163/2006. On 3 July 2019 Rekeep S.p.A. filed an appeal with the Lazio Regional Administrative Court in order to seek the annulment of the acts of Consip S.p.A.; on 10 July 2019 the administrative court ordered for them to be suspended pending its own ruling on the appeal against the Competition Authority's order, while also scheduling the hearing in chambers for the decision on the preliminary request on 11 September 2019. On that occasion the Lazio Regional Administrative Court partially granted the preliminary request against the order issued by Consip S.p.A., providing on 10 July 2019 for the suspension of only the enforcement of the temporary guarantees until the hearing on the merits scheduled on 15 July 2020 and subsequently postponed on several occasions until 13 July 2022. On 18 July 2022 a partial judgment was filed, in which the Regional Administrative Court found that the Company's exclusion from participation in the FM4 tender was legitimate, while it suspended the proceedings regarding the enforcement of the surety bond pending the filing of the already mentioned Constitutional Court's decision, which, on 26 July 2022, ruled by rejecting the issue of constitutional legitimacy by judgment 198/2022: therefore, the Regional Administrative Court set the hearing on the merits for the discussion about the enforcement of the surety bond for the hearing on 9 November 2022. On 16 November 2022 the Rome Regional Administrative Court rejected the appeal by "final" judgment no. 15201/22. On 18 January 2023 the Company filed an appeal against this judgment: following the granting of the request for precautionary measures for the suspension discussed at the hearing on 2 February 2023, the Council of State, by an order dated 30 August 2023, ordered, at the hearing on 18 May 2023, a stay of proceedings until the outcome of the decisions of the European Court of Justice on preliminary questions raised in another appeal. However, the Council of State set a new hearing on 8 February 2024, which was postponed to 9 May 2024, to discuss the legality of the suspension by referral to the European Court, since it occurred at a hearing other than the one at which the question of legality had arisen. Furthermore, on 9 November 2022 the Company appealed against the partial judgment whereby the Regional Administrative Court ruled on the lawfulness of the order of exclusion from the tender: the hearing for the discussion of the merits, finally scheduled on 9 November 2023, was adjourned by the Council of State to 20 June 2024.

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

In assessing the going-concern assumption, the Directors took into account what has been described regarding the Competition Authority's order, finding no uncertainties. For more details, please refer to paragraph 2.3 above, "Discretionary assessments and significant accounting assumptions."

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

Provision for termination employee benefits

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

Provision for tax disputes

At 31 December 2023 the provision amounted to € 447 thousand, recording an overall increase of € 6 thousand (€ 441 thousand at 31 December 2022).

Other provisions for risks and charges

The provision, amounting to € 10,541 thousand at 31 December 2023, showing an increase of € 1,797 thousand compared to 31 December 2022 (€ 8,743 thousand) as a result of provisions for € 6,779 thousand and uses, releases and other changes totaling € 4,981 thousand.

Provisions for the period included, among others, the provision recorded by the subsidiary Rekeep Saudi CO Ltd for charges expected to be incurred in future years, estimated at € 6,107 thousand, due to the opening of the international arbitration procedure in May 2023 against its customer OPS LLC and the conclusion of the Metro Riyadh services contract in July 2023 and the consequent reduction in personnel and business operations that will be realized gradually until the arbitration procedure is concluded (which is estimated to take place in 2025).

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 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. At present, any risk that might arise from arbitration litigation regarding the counterclaim for damages by the opposing party is therefore considered to be remote.

It should be noted that the provision also includes the non-recurring provision recorded by subsidiary Servizi Ospedalieri, amounting to € 940 thousand at 31 December 2023, 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 in 2022 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". First of all, the legislation set, as from 2015, an expenditure ceiling for the Regions in relation to the purchase of medical devices, amounting to 4.4% of the National Health Fund (NHS), while obliging the relevant supplier companies to bear excess expenses, certified by each Regional Government, through the payment of a sum proportional to the share of the spending overrun, corresponding to 40% for the year 2015, 45% for the year 2016 and 50% as from the year 2017. The provision recognized in the financial statements is Management's best estimate of the amounts accrued in previous years, which are expected to be reimbursed to each Regional Government.

16. DERIVATIVES

At 31 December 2023, the Group had not recorded any derivative assets or liabilities.

17. BORROWINGS, LOANS AND OTHER CURRENT FINANCIAL LIABILITIES

The items non-current loans and Loans and other current financial liabilities include both the non-current and current portion of loans from credit institutions and consortium members, respectively. Furthermore, there is also the recognition of payables to other lenders and lease liabilities, as well as of other current debt balances of a financial nature such as, for example, the debt for the acquisition of investments or business units and the liability for dividends to be paid.

The tables below set forth the qualitative breakdown by current and non-current financial liabilities at 31 December 2023 and at 31 December 2022:

	31 December 2023	**within 1 year**	**beyond 1 year to 5 years**	**beyond 5 years**
Senior Secured Notes	**366,179**		366,179	
Artigiancassa loan	**785**	314	471	
SACE/Banca Sistema loan	**36,000**	36,000		

	31 December 2023	within 1 year	beyond 1 year to 5 years	beyond 5 years
Banca di Bologna (DUC) loan	**367**	66	301	
Prepaid interest expenses	**(671)**	(509)	(163)	
Accrued interest expenses	**12,299**	12,299		
Long-term bank borrowings and current portion of long-term bank borrowings	**414,958**	**48,170**	**366,788**	**0**
Current bank overdraft, advance payments and hot money	**27,549**	27,549		
Financial liabilities for leases	**41,697**	10,978	25,604	5,115
Loans from syndicated shareholders	**904**	193	599	112
Loan from Parent Company MSC Società di Partecipazione tra Lavoratori	**16**	16		
Other financial liabilities	**2,073**	2,073		
Obligations from assignments with recourse of trade receivables	**18,183**	18,183		
Collections on behalf of assignees of trade receivables	**11,387**	11,387		
Obligations arising from reverse factoring transactions	**16,633**	16,633		
Potential debt for the acquisition of investments/business units	**19,545**	19,545		
Debt for the acquisition of investments/business units	**83**	83		
Share capital to be paid in associates	**315**	315		
TOTAL FINANCIAL LIABILITIES	**553,345**	**155,126**	**392,991**	**5,227**

	31 December 2022	within 1 year	beyond 1 year to 5 years	beyond 5 years
Senior Secured Notes	364,541		364,541	
Artigiancassa loan	838	239	599	
Prepaid interest expenses	(1,065)	(623)	(442)	
Accrued interest expenses	11,695	11,695		
Long-term bank borrowings and current portion of long-term bank borrowings	**376,010**	**11,312**	**364,698**	**0**
Current bank overdraft, advance payments and hot money	15,293	15,293		
Financial liabilities for leases	48,956	20,180	23,833	4,943

	31 December 2022	within 1 year	beyond 1 year to 5 years	beyond 5 years
Loans from syndicated shareholders	1,040		1,040	
Loan from Parent Company MSC Società di Partecipazione tra Lavoratori	1	1		
Other financial liabilities	7,635	7,635		
Obligations from assignments with recourse of trade receivables	11,806	11,806		
Collections on behalf of assignees of trade receivables	28,480	28,480		
Obligations arising from reverse factoring transactions	33,813	33,813		
Options on subsidiaries' minority shareholdings	16,046	1,952	14,094	
Debt for the acquisition of investments/business units	1,956	1,956		
TOTAL FINANCIAL LIABILITIES	**541,036**	**132,428**	**403,665**	**4,943**

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

On 28 January 2021 Rekeep S.p.A. launched a high-yield bond issue named "€350,000,000 7.25% Senior Secured Notes due 2026", which is not convertible and not subordinated, for a total amount on account of principal of € 350 million, due 1 February 2026. The Notes, which were reserved for institutional investors, were admitted to listing on the EURO MTF multilateral trading facility managed by the Luxembourg Stock Exchange and on the ExtraMOT multilateral trading facility, PRO segment, organized and managed by Borsa Italiana S.p.A.. The issue took place at par, with a coupon at an annual fixed rate of 7.25% (payable on a six-monthly basis on 1 February and 1 August, as from 1 August 2021) and non-callable repayment until 1 February 2023. On 9 February 2021, the Company also issued additional Senior Secured Notes with a par value of € 20 million at an issue price of 102.75% plus an amount equal to the interest that would have accrued on the Notes until (and excluding) 9 February 2021 in the event of them being issued on 28 January 2021. These Notes are regulated by the same terms and conditions as those issued previously (annual rate of 7.25% and due 2026) and will be formally registered in the same series as the latter ones.

The rules of the bond issue provide for a system of guarantees and covenants to protect the Bondholders' investment. There are in fact some limitations on the financial operations of the Issuer and of its subsidiaries, while allowing the Group to operate freely, provided that the operations carried out contribute added value and cash flows to the Group, at least potentially. These covenants substantiate in some limitations on the possibility of incurring new indebtedness and making distribution of dividends, investments and some types of payments outside the Restricted Group (restricted payments). Furthermore, there are also rules governing the allocation of sums obtained from the sale of fixed assets, the performance of non-recurring and related-party transactions and the release of collateral on corporate assets to third parties. The covenants in question substantiate in the compliance with certain financial parameters (incurrence base financial covenants), the fulfillment of some conditions or the application of a quantitative limit on the performance of the transactions referred to above rather than in a full prohibition on carrying out the

aforesaid transactions. Finally note interim reporting obligations concerning the Group's financial position, results of operations and cash flows. The limits and provisions laid down in the rules of the bond issue are in line with market practice for similar operations. The failure by the Issuer to comply with one or more covenants, in addition to significant events that give rise to a state of insolvency, constitute default events. There is the possibility of remedying most of them within a certain financial period. The default event relating to the state of insolvency or the failure to remedy the other default events constitute grounds for acceleration, i.e. the beneficiary's forfeiture of the right to the time limit and the early redemption of the Notes. No default events had occurred.

At 31 December 2023 the financial charges accrued on the bond coupons amounted to € 26,602 thousand against € 26,850 thousand in the previous year. The upfront fees relating to the issue of Senior Secured Notes were accounted for according to the amortized cost method, which entailed, in accordance with IFRS 9, the recognition of financial Amortization charges of € 1,638 thousand in 2023 (€ 1,516 thousand at 31 December 2022).

Super Senior Revolving Credit Facility (RCF)

At the same time as the issue of 28 January 2021, Rekeep S.p.A. signed a new revolving loan agreement that guarantees a senior secured line of credit ("RCF") for an amount of up to € 75 million, and due 1 August 2025, to be used for general purposes and to manage the working capital of the Issuer and its subsidiaries. The subsidiary Servizi Ospedalieri S.p.A. may also access this facility providing a specific personal security. The interest rate applicable to each use of the RCF loan for each interest period will be equal to the percentage rate resulting from the sum of the fixed margin (equal to 3.5) and the applicable EURIBOR parameter.

The Super Senior Revolving loan agreement provides for compliance with a financial covenant, which is preliminary to the possible use of the line granted. This financial covenant is in line with the market practice for similar financing transactions and is recognized on a quarterly basis on the basis of the data relating to the last 12 months, as resulting from the financial position, results of operations and cash flows approved during the quarter prior to the date of the application for use of the credit facility. The financial covenants had been complied with on the reporting date of these financial statements.

The facility was partially drawn down during the year in order to meet temporary cash requirements (if any), and promptly repaid: the RCF facility had not been drawn down at 31 December 2023. The temporary partial use entailed the charging of financial costs accrued in the meantime for € 1,396 thousand (€ 982 thousand at 31 December 2022).

Prepaid interest expenses

At 31 December 2023 the Company recognized prepaid interest expenses of € 671 thousand (€ 1,065 thousand at 31 December 2022). The item mainly related to arrangement fees initially paid by Rekeep S.p.A. for entering into the Super Senior Revolving (RCF) facility agreement, initially equal to € 1,260 thousand. These costs are amortized on a straight-line basis throughout the term of the credit facility and generated amortization charges of € 280 thousand in 2023 (unchanged compared to the previous year).

Accrued interest expenses

At 31 December 2023 accrued interest expenses were recognized for € 12,299 thousand (€ 11,695 thousand at 31 December 2022), of which € 11,401 thousand relating to the coupon of the Senior Secured Notes due 1 February 2024 (€ 11,624 thousand at 31 December 2022).

SACE loan (Rekeep S.p.A.)

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

This loan is disbursed for an initial amount of € 60 million, matures on 30 September 2024, has an initial pre-amortization period, bears interest and is repayable in 5 quarterly installments. At 31 December 2023, the residual debt amounted to € 36,000 thousand (item not present in the previous year).
The available line of credit, used to pay debts to its suppliers and subcontractors, was fully utilized as at 31 December 2023.
Finally, the financial charges accrued on this loan amounted to € 2,400 thousand at 31 December 2023.

Artigiancassa loan (Rekeep S.p.A.)

On 21 June 2018 the Company obtained a soft loan from the "Energy and Mobility Fund" operated by the Regional Government of Marche, aimed at supporting the energy efficiency development of healthcare units. This loan was partly disbursed by Artigiancassa S.p.A. in the form of a 8-year financing for an initial amount of € 1,676 thousand, to which must be added a further € 186 thousand requested in December 2023, with a pre-amortization period of 12 months. This loan does not bear interest and provides for the payment of 14 six-monthly installments, falling due on 31 March and 30 September of each year. As at 31 December 2023 the residual debt of this loan amounted to € 785 thousand (€ 838 thousand at 31 December 2022).

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

The loan, recorded following the consolidation of DUC Gestione Sede Unica Società Consortile a r.l. (for further details see Note 3 above) with a residual value of € 367 thousand at 31 December 2023, was entered into by the subsidiary with Banca di Bologna S.p.A. to finance the construction of the PV system at the complex of the new headquarters of the unified services of the Municipality of Bologna. The bank disbursed the loan in 2008 for a total amount of € 1,020 thousand to be repaid in 20 years, in quarterly installments and at a rate equal to the IRS plus a spread of 0.70. The loan is not covered by covenants and there are no derivatives attached to it.

Other bank loans

There were no other bank loans at 31 December 2023 (unchanged compared to 31 December 2022).

Current account overdraft, advance payments and hot money

At 31 December 2023 this item showed a balance of € 27,549 thousand, against an amount of € 15,293 thousand at the end of the previous year.

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

Financial lease liabilities

Obligations in place at 31 December 2023 for lease agreements, property and operating leases amounted to € 41,697 thousand, against € 48,956 thousand at 31 December 2022.

During the year under review, new contracts were activated and lease payments were revalued for a present value, at the time of recognition, equal to € 14,026 thousand, while contracts were early terminated for a residual value of € 619 thousand. The new contracts signed refer to motor vehicles, company fleet vehicles, equipment, plant and machinery (the latter referring mainly to Servizi Ospedalieri S.p.A., which uses them in the production processes of laundering and sterilization), as well as property leases, including revaluations of rentals on existing contracts

In addition, in December 2023, the property lease agreement of the Parent Company Rekeep with MPS Leasing&Factoring concerning the registered office building came to its natural expiration: The company exercised the redemption option provided for the transfer of ownership of the property, amounting to € 9,956 thousand.

Syndicated loans

This item refers to financing provided by the consortium members, which are minorities in the consortium companies included within the scope of consolidation, since they are owned or held in joint venture at 50%. In certain cases, these loans are non-interest-bearing loans and are repayable on request. In other cases, they have a contractually defined maturity and, in others still, they do not have a contractually defined maturity but will essentially be repayable at the end of the long-term service contract, on the basis of which the consortium company was established. As at 31 December 2023 the overall balance of these loans amounted to € 904 thousand (€ 1,040 thousand at 31 December 2022).

Collections on behalf of assignees of trade receivables

The item included receipts from customers on assigned receivables as part of the factoring without recourse transaction of trade receivables, for which the Group acts as an agent to manage receipts on behalf of the factor. The receipts, equal to € 11,387 thousand at 31 December 2023 (€ 28,480 thousand at 31 December 2022), were transferred to the factor in the subsequent month after the end of the period.

Obligations from assignments of receivables with recourse

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

During 2023 assignments with recourse were made with regard to trade receivables at a nominal value of receivables of € 61,947 thousand, while the exposure was equal to € 18,183 thousand at 31 December 2023 (€ 11,806 thousand at 31 December 2022).

Obligations arising from reverse factoring transactions

As from 2020 the Parent Company Rekeep S.p.A. entered into some reverse factoring lines which ensure a greater amount of overdraft facilities with respect to payments to some suppliers. The overall exposure amounted to € 16,633 thousand at 31 December 2023 (€ 33,813 thousand at 31 December 2022).

Options on subsidiaries' minority shareholdings

The options on subsidiaries' non-controlling interests were recognized for an amount of € 19,545 thousand at 31 December 2023 (€ 16,046 thousand at 31 December 2022).

Of these an amount of € 17,593 thousand related to the fair value at the date of the Put option granted in favor of the minority shareholder Rekeep Polska S.A. on 20% of the share capital of the company acquired on 30 October 2019. The related strike price is calculated for an amount equal to the product between consolidated EBITDA on a 12-month basis for the quarter immediately preceding the exercise date by a multiple equal to 7.5x, as reduced by the consolidated net financial position and adjustments to Net Working Capital set out in the acquisition contract. This option may be exercised within one year as from the fifth year after the date of acquisition (between 30 October 2024 and 30 October 2025).

As at 31 December 2023 the estimated liability linked to the Put option held by the minorities of Rekeep France S.a.s. was also recognized, whose shareholding of 30% was transferred to third parties on 15 January 2018 under an Investment Agreement signed in 2017.

Debt for the acquisition of investments/business units

This item amounted to € 93 thousand at 31 December 2023 (€ 1,956 thousand at the end of the previous year). The item includes, per € 77 thousand, Rekeep Polska S.A.'s residual debt for the acquisition of the Polish company Ster-med S.p. z.o.o. as more fully detailed in note 3 above. At the end of the previous year this item included Rekeep S.p.A.'s residual debt to the parent company MSC Società di Partecipazione tra Lavoratori S.p.A., relating to the acquisition of the "Personnel Activities" business unit in 2022, fully repaid in 2023.

Other financial liabilities

As at 31 December 2023 other financial liabilities were recorded for € 2,073 thousand, against € 7,635 thousand at 31 December 2022. The balance of the item includes the price that the Parent Company Rekeep paid to its controlling company MSC for the purchase of the property leases of its head office in place with MPS Leasing & Factoring S.p.A., with a residual value of € 1,550 thousand at 31 December 2023 (initial debt of € 5,370 thousand, including VAT, equal to the residual value at 31 December

2022), defined by the positive differential between the value of the real estate complex and the residual debt resulting from the amortization schedules under the lease agreements. At 31 December 2022 other financial liabilities also included a loan with a residual value of €1,182 thousand granted by the Polish Government to the Polish group's subsidiary Catermed Sp. z o.o. within the scope of measures put in place to support companies in order to counter the COVID-19 emergency. The loan, which is structured into two lines, i.e. liquidity and preferential financing, with a term of three years and accrues interest, has been fully repaid to date.

18. CONTINGENT LIABILITIES

As at the date of approval of the Consolidated Financial Statements at 31 December 2023 no contingent liabilities had arisen for the Rekeep Group, which had not been recognized in the accounts, for which the Management believes that the related financial risks can be regarded as possible but unlikely or for which these risks cannot be quantified and recognized in the financial statements at 31 December 2023.

19. TRADE PAYABLES, CONTRACT LIABILITIES AND OTHER CURRENT LIABILITIES

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

	31 December 2023	of which to related parties	31 December 2022	of which to related parties
Trade payables	358,781		412,860	
Trade payables due to third parties	**358,781**	**0**	**412,860**	**0**
Trade payables to MSC S.p.A.	1,983	1,983	1,312	1,312
Trade payables to associates, affiliates and joint ventures	35,342	35,342	44,061	44,061
Trade payables to the Group	**37,325**	**37,325**	**45,373**	**45,373**
Advances from customers, including contract liabilities	26,852	603	22,575	
Trade payables and contract liabilities	**422,958**	**37,928**	**480,808**	**45,373**
Fees due to directors and statutory auditors	289		255	
Tax payables	8,997		8,409	
Payables to social security institutions within 12 months	16,597		17,113	
Other payables to TJA ("Associazione temporanea di imprese")	7,114		7,833	

	31 December 2023	of which to related parties	31 December 2022	of which to related parties
Payables to employees within 12 months	59,420		53,087	
Other payables within 12 months	76,512		79,462	
Property collection on behalf of customers	2,176		2,176	
Other current operating payables to third parties	**171,105**	**0**	**168,335**	**0**
Other current payables to MSC S.p.A.	48	48	23	23
Other payables to associates, affiliates and joint ventures	42	42	42	42
Other current payables to the Group	**90**	**90**	**65**	**65**
Accrued expenses	801		111	
Deferred income	99		1,156	
Accrued expenses and deferred income	**900**	**0**	**1,267**	**0**
Other current operating payables	**172,095**	**90**	**169,667**	**65**

Trade payables do not accrue interest and are settled, on average, 90/120 days from the invoice date. The other payables are non-interest bearing payables and are settled, on average, after 30 days, excluding payables due to employees for accrued 13th and 14th monthly pay and holidays paid at 6 months on average, and the amounts due to the Tax Authorities on account of VAT.

Trade payables and contract liabilities amounted to € 422,958 thousand at 31 December 2023 against a balance of € 480,808 thousand at 31 December 2022, showing a decrease of € 57,850 thousand, due to the drop in prices, especially energy prices, and to the actions taken to manage working capital during the year.

These amounts include trade payables to the Group amounting to € 37,325 thousand, as well as advances of € 603 thousand (€ 45,373 thousand at 31 December 2022). For more details, reference should be made to Annex III – Related-Party transactions.

Other current operating payables showed a balance of € 172,095 thousand at 31 December 2023 (€ 169,667 thousand at 31 December 2022) and were mainly made up of the following items:

- payables to employees of € 59,420 thousand (€ 53,087 thousand at 31 December 2022) including the current monthly salaries to be paid in the months after the end of the financial period, as well as payables for additional monthly salary to be paid (a portion of the 14th salary, to be paid every year in the month of July, and of the 13th salary, to be paid every year in December). Furthermore, the corresponding payables to social security institutions were recognized for € 16,597 thousand (€17,113 thousand at 31 December 2022);
- payables due to tax authorities for € 8,997 thousand mainly relating to the balance of payables for VAT payments on the part of some Group companies and of the IRPEF (Personal Income) tax payable for employees (€ 8,409 thousand at 31 December 2022);

- collections on behalf of Temporary Associations of Companies (TJA) for € 7,114 thousand, which relate to the amounts collected by the Group, on behalf of third parties, mainly relating to job orders under CONSIP agreement (€ 7,833 thousand at 31 December 2022).

Other current liabilities also include the residual balance of € 55,172 thousand of the liability recognized 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 amounts in the taxpayers' list on the part of the Revenue Agency, subject of a payment plan of no. 72 monthly installments sent on 22 December 2020 (for an initial debt equal to € 82.2 million). It should be noted that at 31 December 2023, Rekeep S.p.A. was regularly paying the installments under the installment payment plan, and the installments that are unpaid to date as a result of the Covid moratorium (Decree Law no. 18 of 17 March 2020, governing "Measures to strengthen the National Health Service and to provide financial support to households, workers and businesses related to the COVID-19 epidemic emergency" ("Cure Italy Decree") do not result in the forfeiture of the plan itself.

20. REVENUES FROM CONTRACTS WITH CUSTOMERS

The table below sets forth the breakdown of the item for the years ended 31 December 20232 and 31 December 2022:

	For the year ended	
	31 December 2023	**31 December 2022**
Revenues from product sales	30,004	26,720
Service revenues	1,071,099	1,136,830
Revenues from construction activities and plant installation	56,362	83,090
Other sales revenues	24,907	43,968
REVENUES FROM CONTRACT WITH CUSTOMERS	**1,182,372**	**1,290,608**

At 31 December 2023 *Revenue from contracts with customers* amounted to € 1,182,372 thousand (€ 1,290,608 thousand at 31 December 2022). The item showed a decrease of € 108,236 thousand, due to the decline in prices, especially of energy, compared to the comparative period, when inflationary pressure was still significant, which affects the pricing charged to customers, especially in energy services contracts; The 2023 financial year also saw portfolio exits, which were only partly offset by the entry into full force of contracts acquired in the second half of 2022 and during 2023..

The contribution to the item of foreign companies (International Markets) was equal to Euro 210,297 thousand in 2023, thanks to the contribution given in the healthcare sector by the Group controlled by Rekeep Polska and the French subsidiaries in the healthcare sector.

21. OTHER REVENUES

The table below sets forth the breakdown of the item for the years ended 31 December 2023 and 31 December 2022:

	For the year ended	
	31 December 2023	**31 December 2022**
Grants	781	620
Asset capital gains	730	256
Recovery of seconded personnel costs	20	0
Compensation for damages	363	579
Revenues for leases and rentals	0	1
Other revenues	2,503	2,312
OTHER REVENUES	**4,397**	**3,768**

At 31 December 2023 the balance of *Other revenues* amounted to € 4,397 thousand compared to € 3,768 thousand in 2022, showing an increase of € 629 thousand.

The item includes Operating grants, amounting to € 781 thousand at 31 December 2023 (€ 620 thousand in 2022), mainly related to grants on training projects for subordinate staff and development of remote working projects.

Finally, "Otherrevenues" mainly include unsecured grants that the Polish Government has disbursed and the insurance refunds from damage to vehicles used in medical transport related to the companies of the Rekeep Polska Group.

22. COSTS OF RAW MATERIALS AND CONSUMABLES AND CHANGE IN INVENTORIES OF FINISHED AND SEMI-FINISHED PRODUCTS

The breakdown of the item is shown below for the years ended 31 December 2023 and 31 December 2022:

	For the year ended	
	31 December 2023	31 December 2022
Fuel consumption	77,638	140,807
Consumption of raw materials	154,926	189,329
Purchase of semi-finished/finished products	795	631
Products of auxiliary materials and consumables	14,652	14,212
Packaging	2,479	2,585
Change in inventories of fuel and raw materials	(741)	967
Other purchases	4,015	4,048
CONSUMPTION OF RAW MATERIALS AND CONSUMABLES	**253,764**	**352,579**
Change in inventories of finished and semi-finished products	(207)	(217)
CHANGE IN INVENTORIES OF FINISHED AND SEMI-FINISHED PRODUCTS	**(207)**	**(217)**

At 31 December 2023 *Consumption of raw materials and consumables* amounted to € 253,764 thousand compared to € 352,579 thousand at 31 December 2022. The decrease, equal to € 98,815 thousand, was mainly due to a drop in costs for the consumption of fuel and other energy resources as a result of the reduction in the price of raw materials compared to the same period of the previous year, when inflationary pressure was more marked. In the financial year ended 31 December 2023 the item included the tax credit granted under Decree Law no. 21 of 2022 (Conversion Law no. 51 of 20 May 2022), as amended, as partial compensation for the higher costs incurred for the purchase of electricity and natural gas as until the second half of 2023, totaling € 12,856 thousand on the cost of natural gas and € 4,650 thousand on costs for electricity (€ 12,203 thousand on the cost of natural gas and € 15,526 thousand on costs for electricity in the previous year).

Other purchases include costs for other materials such as clothing and PPE for the staff members employed on site at customers' premises.

The change in inventories of finished products was mainly due to the production by Medical Device S.r.l. and U.Jet S.r.l. of medical devices and PPE.

23. COSTS FOR SERVICES AND USE OF THIRD PARTY ASSETS

The breakdown of the item is shown below for the years ended 31 December 2023 and 31 December 2022:

	For the year ended	
	31 December 2023	**31 December 2022**
Third-party services	191,483	207,911
Consortia services	8,949	11,419
Equipment maintenance and repair	8,512	8,016
Professional services	38,545	40,414
Statutory Auditors' fees	412	342
Transport	11,913	12,638
Advertising and promotion	455	560
Bonuses and commissions	(229)	249
Insurance and sureties	6,380	7,270
Bank services	434	387
Utilities	14,981	14,166
Travel expenses and reimbursement of expenses	2,595	2,788
Employee services	6,819	7,400
Other services and contingent items	18,050	10,971
Costs for services	**309,299**	**324,531**
Rent expense and Hires	5,518	5,458
Hiring of equipment and others	4,790	5,888
Costs for leased assets	**10,308**	**11,346**
COSTS FOR SERVICES AND USE OF THIRD PARTY ASSETS	**319,607**	**335,877**

For the year ended 31 December 2023 *Costs for services and use of third party assets* totaled € 319,607 thousand, marking a decrease of € 16,270 thousand compared to the balance of the item recorded in the previous year.

The change in the item was mainly related to costs for professional and third-party service: this change was closely related to higher volumes and depending on the structure of the mix of production factors in the performance of some activities, as detailed in note 24 below.

This item also included cost for utilities of € 14,981 thousand, partially offset by tax credit on electricity as already commented on above, which had an impact on the item for 194 thousand.

24. PERSONNEL COSTS

The breakdown of the item is shown below for the years ended 31 December 2023 and 31 December 2022:

	For the year ended	
	31 December 2023	**31 December 2022**
Wages and salaries	354,097	333,981
Social security charges	82,915	82,837
Secondment costs	15,586	24,421
ESI paid to INPS (National Social Security Institute) and to funds	24,953	22,978
Directors' fees	580	663
Other personnel costs	4,710	1,970
Current benefits	**482,841**	**466,850**
Employee termination indemnity provision	1,777	1,645
Subsequent benefits	**1,777**	1,645
Employment termination benefits	1,354	911
Employment termination benefits	**1,354**	911
PERSONNEL COSTS	**485,972**	**469,406**

At 31 December 2023, Personnel Costs amounted to € 485,972 thousand, showing an increase of € 16,566 thousand compared to the previous year (when they amounted to € 469,406 thousand).

The total change in Group personnel costs is necessarily correlated to the cost of services, as the mix of production costs linked to “internal” work (i.e. work performed by employees of Group companies) and “external" work (i.e. work performed by third-party providers) can change significantly according to organizational changes aimed at increasing overall productivity.

The ratio between *Revenues from sales and services* and the total amount of costs for internal personnel (“make”) and services costs (“buy”) relating to third-party services, services provided by consortia and professional services, came to 163% at 31 December 2023 against 177% at 31 December 2022. The “make-or-buy ratio” shows that the Group is continuing to implement an organizational preference for producing by greater recourse to internal production factors than to purchasing services from external sources.

The cost of personnel related to the work performed in Italy was € 345,251 thousand (€ 354,524 thousand at 31 December 2022).

25. OTHER OPERATING COSTS

The breakdown of the item is shown below for the years ended 31 December 2023 and 31 December 2022:

	For the year ended	
	31 December 2023	31 December 2022
Capital losses on disposals of assets	150	72
Losses on receivables	14	25
Other taxes	2,362	2,273
Fines and penalties	2,249	1,980
Credit Discount on assignments of receivables	170	146
Other operating costs and contingent items	4,915	6,427
OTHER OPERATING COSTS	**9,860**	**10,923**

Other operating costs amounted to € 9,860 thousand, showing a decrease of € 1,063 thousand compared to the balance for the previous year (€10,923 thousand at 31 December 2022).

While analyzing he details of the item, we must note an increase in other duties, fine and penalties, while there was a drop in other operating costs, which had also included non-recurring charges in the previous year for the reorganization of the Group's structure.

26. AMORTIZATION/DEPRECIATION, WRITE-DOWNS AND WRITE-BACKS OF ASSETS

The breakdown of the item is shown below for the years ended 31 December 2023 and 31 December 2022:

	For the year ended	
	31 December 2023	31 December 2022
Amortization of intangible assets	5,924	5,789
Depreciation of owned property, plant and equipment	25,066	23,932
Amortization of Rights of use	10,265	9,860
Write-downs of receivables, net of releases	6,425	2,181
Write-down of property, plant and equipment	0	128
Other write-downs	41	22
AMORTIZATION/DEPRECIATION, WRITE-DOWNS AND WRITE-BACK OF ASSETS	**47,721**	**41,912**

At 31 December 2023 *Amortization/depreciation, write-downs and write-backs of assets* amounted to € 47,721 thousand, showing an increase of € 5,809 thousand compared to the balance of item in the previous year.

Specifically the following changes must be noted in the financial year:

› an increase in amortization/depreciation for a total of € 1,674 thousand, mainly attributable to depreciation of property, plant and equipment, both owned and leased;

› higher write-downs of receivables made for € 4,244 thousand, of which € 2,387 thousand relating to the subsidiary Rekeep Saudi CO Ltd.

27. DIVIDENDS, INCOME AND LOSSES FROM INVESTMENTS

The breakdown of the item is shown below for the years ended 31 December 2023 and 31 December 2022:

	For the year ended	
	31 December 2023	**31 December 2022**
Dividends	157	490
Capital gains (capital losses) from sale of equity investments	155	(968)
DIVIDENDS, INCOME AND LOSSES FROM INVESTMENTS	**312**	**(478)**

In 2023, dividends were collected from other companies not included under the scope of consolidation for € 157 thousand, relating to investee companies of the Parent Company Rekeep S.p.A..

As at 31 December 2023 *Capital gains (capital losses) from sale of equity investments* included income of € 155 thousand following the sale or completion of the process for disposal of equity investments. As at 31 December 2022, on the other hand, there was a capital loss generated by the deconsolidation of the Turkish company Rekeep United Yönetim Hizmetleri A.Ş. following the sale to the minority shareholder, which took place in the last quarter of 2022 (however, there was no effect on the separate Financial Statements of the direct controlling company Rekeep World S.r.l.).

28. FINANCIAL INCOME

The breakdown of the item is shown below for the years ended 31 December 2023 and 31 December 2022:

	For the year ended	
	31 December 2023	31 December 2022
Interest on bank current accounts	269	28
Interest on non-property and intercompany current accounts	275	255
Interest on trade receivables	431	1,977
Other financial income	1,307	509
FINANCIAL INCOME	**2,282**	**2,773**

Financial income recorded an increase equal to € 2,282 thousand compared to the previous year, when default interest income to a customer in court was recognized for € 1,498 thousand.

29. FINANCIAL COSTS

The breakdown of the item is shown below for the years ended 31 December 2023 and 31 December 2022:

	For the year ended	
	31 December 2023	31 December 2022
Interest on bank loans and current account overdrafts	2,914	1,834
Financial charges on other loans	33,998	29,058
Financial costs for leases	2,193	1,070
Financial costs on intercompany loans	9	24
Interest discount on assignments of receivables without recourse	4,712	3,360
Interest on trade payables	870	535
Other financial costs	11,813	7,687
FINANCIAL COSTS	**56,509**	43,568
Exchange rate adjustments	1,529	(876)
PROFIT (LOSS) ON EXCHANGE RATE	**1,529**	**(876)**

Financial costs showed a total increase of € 12,941 thousand in 2023 compared to the previous year.

Financial charges on other loans included financial costs on the coupons of the *Senior Secured Notes* (payable with a coupon on a six-monthly basis on 1 February and 1 August), which accrued for € 26,602 thousand in 2023 (€ 26,850 thousand at the end of the previous year). On the other hand, *Other financial costs* included financial charges for amortized cost accrued in 2023 for € 1,638 thousand, against costs of € 1,516 thousand at 31 December 2022.

Other financial costs also included amortization charges of the initial costs for the new facility *Super Senior Revolving Credit Facility* ("RCF"). These costs, which were initially equal to € 1,260 thousand, were also amortized on a straight-line basis throughout the term of the credit facility and gave rise to amortization charges of € 280 thousand in 2023, unchanged compared to the previous year. Other financial charges incurred for the Super Senior Revolving Facility included commitment fees charged by banks equal to € 575 thousand in 2023 (€ 536 thousand at 31 December 2022). Finally, the facility, interest on temporary partial uses accrued for € 1,396 thousand in 2023, which was included in the item *Charges on other loans* (€ 982 thousand at 31 December 2022).

Finally, the Group recorded charges correlated to the assignments of trade receivables without recourse and VAT, as well as for assignments of tax credits to the parent company MSC, made during the year for € 4,712 thousand at 31 December 2023 (€ 3,360 thousand at 31 December 2022), financial costs for assignment with recourse and reverse factoring for € 2,978 thousand (€ 1,640 thousand at the end of the previous year) and financial costs accrued on lease financial liabilities equal to € 2,193 thousand (€ 1,070 thousand in 2022).

30. CURRENT AND DEFERRED TAXES

The breakdown of the item is shown below for the years ended 31 December 2023 and 31 December 2022:

	For the year ended	
	31 December 2023	**31 December 2022**
Current IRES tax	9,966	8,362
Current IRAP tax	4,140	5,132
(Income) costs from tax consolidation	(2,170)	(1,513)
Adjustments to current taxes of previous years	(463)	(7,027)
Current taxes	**11,473**	**4,954**
Deferred IRES tax	941	(618)
Deferred IRAP tax	179	(73)
Deferred taxes relating to previous years	515	(513)
Deferred taxes	**1,635**	**(1,204)**
CURRENT AND DEFERRED TAXES	**13,108**	**3,750**

In 2023 the Group recorded taxes totaling €13,108 thousand, marking an increase of € 9,358 thousand compared to the taxes recognized at 31 December 2022.

More specifically, the main changes are as follows:

- an increase of € 1,604 thousand in the current IRES tax balance;
- a decrease of € 992 thousand in the current IRAP tax balance;
- an increase of € 657 thousand in the balance of income from tax consolidation;
- positive adjustments to current taxes relating to previous years for € 463 thousand against positive adjustments equal to € 7,027 thousand at 31 December 2022, when the parent company Rekeep S.p.A. and its subsidiaries H2H Facility Solutions S.p.A. and Servizi Ospedalieri S.p.A. submitted the supplementary tax returns of Income 2017-2022 and IRAP (Regional Production Activity Tax) 2017 – 2022, recording income totaling € 6,181 thousand;
- the recognition of a net charge of € 1,635 thousand, relating to the total balance of prepaid and deferred taxes against a net income of € 1,204 thousand at 31 December 2022. The future recovery of deferred tax assets has been assessed on the basis of the same forecasts as those used by the Management for the impairment test on goodwill (see note 7).

.At 31 December 2023 the Group finally recognized Current tax receivables for a total amount of € 6,589 thousand and Current tax payables equal to € 142 thousand, relating to the netbalance of the excess IRES tax advances paid to the Tax Office or receivables from parent company MSC, which arose within the scope of the national tax consolidation in force with some Group companies.

The reconciliation between current income taxes accounted for and the theoretical tax resulting from the application of the IRES tax rate in force for the years ended 31 December 2023 and 31 December 2022 to pre-tax profit is set out below. The theoretical IRES tax rate applicable in Italy is 24% of taxable income for the financial period. The table includes the effects on current IRES tax arising from the recognition of income from participation in the tax consolidation scheme. The theoretical IRAP tax rate applicable in Italy varies by region and business sector. The taxes of foreign companies are calculated on the basis of rates that are applicable at local level.

	31 December 2023		31 December 2022	
		%		%
PRE-TAX PROFIT	577		31,247	
Current taxes calculated in Italy – IRES tax	8,289		7,419	
(Income)/ costs from national tax consolidation	(2,171)		(1,514)	
Current taxes calculated in Italy - IRAP tax	4,140		5,132	
Current taxes calculated abroad	1,677		943	
Taxes for previous years	(463)		(7,027)	
EFFECTIVE TAX / RATE	**11,472**	**N.A.**	**4,954**	**15.85%**

Deferred tax assets and liabilities

As at 31 December 2023 the Group recorded deferred tax assets of € 16,472 thousand, net of deferred tax liabilities of € 14,619 thousand, as shown below:

	Tax effect on thebalance sheet			Tax effect through P&L	Tax effect on equity
	31 December 2022	of which Business Combinations	31 December 2023	31 December 2023	31 December 2023
Deferred tax assets:					
Expected credit losses	2,539		2,449	(90)	
Provisions for risks and charges	5,180		5,359	179	
Amortization	1,351		987	(364)	
Interest expense	3,090		1,947	(1,143)	
Cash cost deduction	17		29	13	
Other consolidation adjustments	291		261	(31)	
Other temporary adjustments	5,500	65	5,440	(149)	69
Foreign exchange effect					(45)
Total deferred tax assets	**17,968**	**65**	**16,472**	**(1,584)**	**24**
Deferred tax liabilities:					
Goodwill amortization	(11,605)		(11,699)	(93)	
Purchase Price Allocation	(1,405)		(1,338)	67	

	Tax effect on thebalance sheet			Tax effect through P&L	Tax effect on equity
	31 December 2022	of which Business Combinations	31 December 2023	31 December 2023	31 December 2023
Cash cost deduction	(25)		(66)	(41)	
Other consolidation adjustments	(63)		(47)	16	
Other temporary differences	(2,721)		(1,469)	2	32
Foreign exchange effect					1,219
Total deferred tax liabilities	**(15,819)**		**(14,619)**	**(50)**	**1,251**
NET DEFERRED TAXES	**2,149**	**65**	**1,853**	**(1,634)**	**1,275**

31. EARNINGS PER SHARE

Basic earnings per share are calculated by dividing consolidated net profit in the year pertaining to the Parent Company's ordinary shareholders by the weighted average number of outstanding ordinary shares during the year. Diluted earnings per share are, in the case of the Rekeep Group, equal to basic earnings per share, since no convertible bonds or share options were issued by the Parent Company.

Income and information on the shares used for the purpose of calculating consolidated basic earnings per share are shown below:

	For the year ended	
	31 December 2023	31 December 2022
Net profit /(loss) attributable to shareholders (in thousands of Euro)	(13,221)	27,131
Number of ordinary shares (excluding own shares) for the purpose of basic earnings per share	109,149,600	109,149,600
BASIC AND DILUTED EARNINGS PER SHARE (IN EURO)	**N.A.**	**0.249**

	For the year ended	
	31 December 2023	**31 December 2022**
Net profit /(loss) from continuing operations (in thousands of Euro)	(12,531)	27,499
Net profit /(loss) from continuing operations pertaining to minority interests (in thousands of Euro)	(690)	(368)
Net profit from continuing operations pertaining to the Group (in thousands of Euro)	(13,221)	27,131
Number of ordinary shares for the purpose of basic earnings per share	109,149,600	109,149,600
BASIC AND DILUTED EARNINGS PER SHARE OF CONTINUING OPERATIONS (IN EURO)	**N.A.**	**0.249**

No other transactions were performed regarding ordinary shares or potential ordinary shares between the balance sheet date and the date the financial statements were drafted.

32. OPERATING SEGMENTS

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

Information on the operating segments for the financial year ended 31 December 2023

	Facility Management	Laundering & Sterilization	Eliminations	Total
Segment revenues	1,051,179	153,936	(18,346)	**1,186,769**
Segment costs	(1,002,846)	(146,224)	18,346	**(1,130,723)**
Operating income (loss) by segment	**48,333**	**7,712**	**(0)**	**56,045**
Share of net profit of associates	(294)	270		**(24)**
Net financial income (costs)				**(55,444)**
Profit (loss) before taxes				**577**
Income taxes				**(13,108)**
NET PROFIT (LOSS) FOR THE YEAR ENDED 31 DECEMBER 2023				**(12,531)**

	Facility Management	Laundering & Sterilization	Eliminations	Total
Assets allocated to the segment	597,171	153,697	(12,214)	**738,653**
Goodwill	390,516	16,183		**406,700**
Investments	13,914	3,841		**17,755**
Other assets not allocated and related taxes				**126,955**
SEGMENT ASSETS AT 31 DECEMBER 2023	**1,001,601**	**173,721**	**(12,214)**	**1,290,062**
Liabilities allocated to the segment	605,306	66,779	(12,214)	**659,871**
Other liabilities not allocated and related taxes				**568,190**
SEGMENT LIABILITIES AT 31 DECEMBER 2023	**605,306**	**66,779**	**(12,214)**	**1,228,061**

	Facility management	Laundering & Sterilization	Total
OTHER SEGMENT INFORMATION AT 31 DECEMBER 2023			
Investments in segment assets	25,450	21,350	**46,800**
Amortization/depreciation and write-downs of segment assets	26,069	21,653	**47,721**

Information on the operating segments for the financial year ended 31 December 2022

	Facility Management	Laundering & Sterilization	Eliminations	Total
Segment revenues	1,158,704	144,503	(8,832)	1,294,376
Segment costs	(1,091,373)	(140,892)	8,832	(1,223,433)
Operating income (loss) by segment	**67,331**	**3,612**	**0**	**70,943**
Share of net profit of associates	496	206		702
Net financial income (costs)				(40,398)
Profit (loss) before taxes				**31,247**
Income taxes				(3,747)
NET PROFIT (LOSS) FOR THE YEAR ENDED 31 DECEMBER 2022				**27,499**

	Facility Management	Laundering & Sterilization	Eliminations	Total
Assets allocated to the segment	634,684	147,886	(7,882)	774,688
Goodwill	388,752	16,183		404,935
Investments	11,797	4,321		16,118
Other assets not allocated and related taxes				145,203
SEGMENT ASSETS AT 31 DECEMBER 2022	**1,035,233**	**168,391**	**(7,882)**	**1,340,945**
Liabilities allocated to the segment	649,059	67,943	(7,882)	709,120
Other liabilities not allocated and related taxes				558,867
SEGMENT LIABILITIES AT 31 DECEMBER 2022	**649,059**	**67,943**	**(7,882)**	**1,267,987**

	Facility management	Laundering & Sterilization	Consolidato
OTHER SEGMENT INFORMATION AT 31 DECEMBER 2022			
Investments in segment assets	35,178	22,740	**57,918**
Amortization/depreciation and write-downs of segment assets	20,381	21,531	**41,912**

Geographical areas

The Group conducts its core business in Italy. At 31 December 2023 the activities conducted abroad were still marginal for the Group, although on the rise, and generated revenues amounting to € 213,724 thousand (€ 186,204 thousand at 31 December 2022).

The information by geographical area required by IFRS 8 is shown below for the years ended 31 December 2023 and 2022.

	Italy	Foreign countries	Eliminations	Total
INFORMATION BY GEOGRAPHICAL AREA AT 31 DECEMBER 2023				
Revenues	973,045	213,724		**1,186,769**
Non-current operating assets	554,611	36,524		**591,135**

INFORMATION BY GEOGRAPHICAL AREA AT 31 DECEMBER 2022	Italy	Foreign countries	Eliminations	Total
Revenues	1,108,172	186,204		**1,294,376**
Non-current operating assets	548,150	26,052		**574,202**

33. COMMITMENTS AND GUARANTEES

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

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

The tables below report the breakdown of the amount of future payments under lease agreements and their present value at 31 December 20232 and 31 December 2022:

	31 December 2023		31 December 2022	
	Lease payments	Present value of lease payments	Lease payments	Present value of lease payments
Within 1 year	12,287	10,978	21,243	8,946
From one year to five years	28,668	25,604	25,720	25,976
After 5 years	5,586	5,115	6,325	9,184
TOTAL LEASE PAYMENTS	46,540	41,697	**53,288**	**44,107**
Financial charges	(4,843)		(4,332)	
PRESENT VALUE OF LEASE	41,697	41,697	**48,956**	**44,107**

Furthermore, as at 31 December 2023, the Group granted sureties to third parties for:

- guarantees for financial obligations of € 4,326 thousand (€ 9,652 thousand at 31 December 2022), of which € 697 thousand issued in the interest of associates for overdrafts and other financial obligations (€ 789 thousand at 31 December 2022);

- sureties issued to third parties to ensure the correct fulfillment of contract obligations in place with customers amounting to € 349,981 thousand (€ 376,420 thousand at 31 December 2022), of which € 3,904 thousand issued in the interest of associates (€ 1 thousand at 31 December 2022);
- other guarantees issued by third parties in favor of associates, joint ventures and other shareholdings amounting to € 7,454 thousand (€ 9,993 thousand at 31 December 2022);
- other guarantees granted to third parties to replace security deposits required to activate utilities or for lease contracts, as well as to the Inland Revenue Agency for VAT refunds, for a total amount of € 105,341 thousand (€ 109,193 thousand at 31 December 2022).

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

On 18 January 2021, Rekeep S.p.A. announced the launch of an offering of Senior Secured Notes for a total nominal amount of € 350 million. The transaction was successfully formalized on 28 January 2021 with an issue at par due 2026, an annual fixed coupon of 7.25% (payable on a six-monthly basis on 1 February and 1 August, as from 1 August 2021) and non-callable repayment until 1 February 2023. On 9 February 2021, the Company also issued additional Senior Secured Notes with a par value of € 20 million at an issue price of 102.75% plus an amount equal to the interest that would have accrued on the Notes until (and excluding) 9 February 2021 in the event of them being issued on 28 January 2021. These Notes are regulated by the same terms and conditions as those issued previously (annual rate of 7.25% and due 2026) and will be formally registered in the same series as the latter ones.

At the same time as the issue of 28 January 2021, Rekeep S.p.A. finally signed a new revolving loan agreement that will guarantee a senior secured line of credit ("RCF") for an amount of up to € 75 million, to be used for general purposes and to manage the working capital of the Issuer and Servizi Ospedalieri S.p.A..

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

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

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

The guarantees listed above may be enforced by the counterparties only in the case that one of the events of default envisaged in the above mentioned contracts occurs; up to the occurrence of the same, the assets covered by the guarantee are fully available to the Rekeep Group companies. At 31 December 2022 no events of default had occurred.

34. TRANSACTIONS WITH RELATED PARTIES

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

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

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

Finally, in certain cases the Parent Company provides and performs technical services and works for individuals who hold top management positions within the Group, according to contracts entered into at arm's length. As at 31 December 2023, contract assets of € 1,353 thousand had been recognized in consideration of these services (€ 396 thousand at 31 December 2022).

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

- MSC S.p.A. sub-leased to Rekeep S.p.A. the part of the property located in Mestre (VE), via Porto di Cavergnago no. 6, for office use. The lease has a term of six years and is tacitly renewable; as from 1 January 2023 it was supplemented with a further contract with a term of 5 years. Annual rent is expected to be a total of € 364 thousand to be paid in 12 monthly installments.
- Rekeep S.p.A. signed agreements with MSC and the other Group companies for the provision of tax consultancy services

In January 2024, some Group companies also entered into a contract for the provision of accounting, administrative and tax consulting services with Sacoa S.r.l..

The breakdown of the balances relating to the transactions carried out by the Group's Companies with related parties is provided in Annex III attached to the Consolidated Financial Statements.

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

Pursuant to art. 2497-bis, paragraph 4 of the Italian Civil Code, the highlights of the latest set of approved financial statements are provided below:

	31 December 2022	31 December 2021
BALANCE SHEET		
ASSETS		
A) Subscribed capital unpaid	0	6
B) Fixed assets	88,622	96,514
C) Current assets	16,044	12,289
D) Accrued income and prepaid expenses	0	542
TOTAL ASSETS	**104,666**	**109,351**
LIABILITIES		
A) Shareholders' equity:		
Share capital	9,567	3,608
Reserves	58,389	98,906
Profit/(Loss) for the year	12,116	(26,768)
B) Provisions for risks and charges	4,939	129
C) Employee Severance Indemnity	5	683
D) Payables	19,599	32,763
E) Accrued expenses and deferred income	51	30
TOTAL LIABILITIES	**104,666**	**109,351**
INCOME STATEMENT		
A) Value of production	32,506	30,821
B) Costs of production	(19,585)	(29,698)
C) Financial income and costs	2,126	700
D) Value adjustments to financial assets	(931)	(28,449)
Income taxes for the year	(2,000)	(142)
Profit/(Loss) for the year	**12,116**	**(26,768)**

Remuneration of members of the Governing and Control Bodies, as well as of other executives with strategic responsibilities

Fees paid to members of governing and control bodies reported below include the total fees paid to the members of these corporate bodies in 2023, as well as those paid to executives with strategic responsibilities in the Parent Company, including for roles held in other Group companies:

	31 December 2023	31 December 2022
Board of Directors		
Short-term benefits	296	296
TOTAL BOARD OF DIRECTORS	**296**	**296**
Executives with strategic responsibilities		
Short-term benefits	2,757	2,918
Post-employment benefits	108	111
TOTAL EXECUTIVES WITH STRATEGIC RESPONSIBILITIES	**2,866**	**3,029**
Board of Statutory Auditors		
Short-term benefits	102	92
TOTAL BOARD OF STATUTORY AUDITORS	**102**	**92**

The table below reports the fees accounted for in the 2023 consolidated income statement for audit and non-audit services rendered by EY S.p.A. and by other entities in its network:

	31 December 2023	31 December 2022
Audit services	679	653
Certification services	17	33
Other services	2,452	68
TOTAL FEES DUE TO EY S.P.A. NETWORK COMPANIES	**3,147**	**753**

Audit services include the fees paid for the audit of annual and interim consolidated financial statements, as well as of the separate Financial Statements of the Parent Company and of some subsidiaries.

Certification services relate to the fees paid for the issue of tax compliance certificates and the engagements for performance of agreed-upon procedures.

Other services mainly concerned advice services for certain projects of the Parent Company Rekeep and other Group companies.

35. MANAGEMENT OF FINANCIAL RISKS

Management of financial risks

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

On 18 January 2021, Rekeep S.p.A. completed the issue at par of Senior Secured Notes for a total nominal amount of € 350 million due 2026, an annual fixed coupon of 7.25% (payable on a six-monthly basis on 1 February and 1 August, as from 1 August 2021) and non-callable repayment until 1 February 2023. The stock was admitted for listing on the EURO MTF multilateral trading facility managed by the Luxembourg Stock Exchange and on the ExtraMOT multilateral trading facility, PRO segment, organized and managed by Borsa Italiana S.p.A.. On 9 February 2021, the Company also issued additional Senior Secured Notes with a par value of € 20 million at an issue price of 102.75% plus an amount equal to the interest that would have accrued on the Notes until (and excluding) 9 February 2021 in the event of them being issued on 28 January 2021. These Notes are regulated by the same terms and conditions as those issued previously (annual rate of 7.25% and due 2026) and will be formally registered in the same series as the latter ones.

The transaction enabled the Parent Company Rekeep S.p.A. to early repay the previous high-yield bond issue named "€360,000,000 9.0% Senior Secured Notes due 2022".

The other traditional financing instruments used by the Group Companies are made up of:

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

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

The Group's debt as at 31 December 2023 was € 491,329 thousand, up from 31 December 2022 (€ 449,776 thousand) and 31 December 2021 (€ 380,649 thousand) due to the gradual growth of the Group, as well as the structural and economic trends in the business in which it operates. For more details regarding the Directors' assessments of the level of debt at 31 December 2023, described in detail in Notes 12 and 17 above (*Cash and Cash Equivalents*, *Loans and Other Current Financial Assets*, and *Loans, Loans and Other Current Financial Liabilities*, respectively), and its evolution, as well as the going-concern assumption, please refer to Section 2.3 above, "*Discretionary assessments and significant accounting estimates*."

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

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

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

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

	Hierarchy Levels				Hierarchy Levels			
	31 December 2023	**Level 1**	**Level 2**	**Level 3**	**31 December 2022**	**Level 1**	**Level 2**	**Level 3**
Financial assets measured at fair value through profit or loss								
Financial assets, securities and other non-current financial assets	**1,101**	101		1,000	**1,101**	101		1,000
- of which securities	**1,101**	101		1,000	**1,101**	101		1,000
Available for sale financial assets								
Financial assets and other current financial assets	**211**		211		**0**			
- of which securities	**211**		211		**0**			
- of which hedging derivatives	**0**				**0**			
- of which non-hedging derivatives	**0**				**0**			
TOTAL FINANCIAL ASSETS	**1,312**	**101**	**211**	**1,000**	**1,101**	**101**	**0**	**1,000**

The other financial assets posted in the Statement of financial position are not measured at fair value and the Group has no financial liabilities measured at fair value at 31 December 2023 and 31 December 2022. During the year under consideration there were no transfers between fair value measurement levels.

There were no changes in allocation of financial assets that led to a different classification of asset. The Group does not hold instruments to warrant amounts receivable to mitigate credit risk. The carrying amount of financial assets, therefore, represents its potential credit risk.

Classes of financial assets and liabilities

The following table shows the classification of financial assets and liabilities recorded in the consolidated Financial Statements of the Rekeep Group, as required by IFRS 7, and the associated economic effects for the year ended 31 December 2023:

	31 December 2023	Financial Assets at Fair value through OCI	Financial Assets at amortized cost
NON-CURRENT FINANCIAL ASSETS			
Other investments	5,996	5,996	
Non-current financial assets	6,929		6,929
Other non-current assets	16,472		16,472
Total non-current financial assets	**29,397**	**5,996**	**23,401**
CURRENT FINANCIAL ASSETS			
Trade receivables and advances to suppliers	513,771		513,771
Current tax receivables	6,589		6,589
Other current assets	31,681		31,681
Current financial assets	15,545		15,545
Cash and cash equivalents	76,812		
Total current financial assets	**644,398**	**0**	**567,586**
TOTAL FINANCIAL ASSETS	***673,795***	***5,996***	***590,987***
FINANCIAL INCOME (COSTS)	**2,594**	**312**	**2,282**

	31 December 2023	Financial Liabilities at Fair Value through profit or loss	Financial Liabilities at amortized cost
NON-CURRENT FINANCIAL LIABILITIES			
Non-current loans	398,218		
Other non-current liabilities	85		
Total non-current financial liabilities	**398,303**	**0**	**0**
CURRENT FINANCIAL LIABILITIES			
Trade payables and contract liabilities	422,958		
Current tax payables	142		
Other current liabilities	172,095		

	31 December 2023	Financial Liabilities at Fair Value through profit or loss	Financial Liabilities at amortized cost
Bank borrowings and other financial liabilities	155,126		
Total current financial liabilities	**750,321**	**0**	**0**
TOTAL FINANCIAL LIABILITIES	***1,148,624***	***0***	***0***
FINANCIAL INCOME (COSTS)	**(62,750)**	**0**	**(62,750)**

The same information is reported below for the financial year ended 31 December 2022:

	31 December 2022	Financial Assets at Fair value through OCI	Financial Assets at amortized cost
NON-CURRENT FINANCIAL ASSETS			
Other investments	5,996	5,996	
Non-current financial assets	24,202		24,202
Other non-current assets	3,104		3,104
Total non-current financial assets	**33,302**	**5,996**	**27,306**
CURRENT FINANCIAL ASSETS			
Trade receivables and advances to suppliers	537,227		537,227
Current tax receivables	8,671		8,671
Other current assets	59,211		59,211
Current financial assets	7,017		7,017
Cash and cash equivalents	84,243		
Total current financial assets	**696,369**	**0**	**612,126**
TOTAL FINANCIAL ASSETS	**729,671**	**5,996**	**639,432**
FINANCIAL INCOME (COSTS)	**3,171**	**(478)**	**3,649**

	31 December 2022	Financial Liabilities at Fair Value through profit or loss	Financial Liabilities at amortized cost
NON-CURRENT FINANCIAL LIABILITIES			
Non-current loans	408,608		408,608
Other non-current liabilities	1,991		1,991

	31 December 2022	Financial Liabilities at Fair Value through profit or loss	Financial Liabilities at amortized cost
Total non-current financial liabilities	**410,599**	**0**	**410,599**
CURRENT FINANCIAL LIABILITIES			
Trade payables and contract liabilities	480,808		480,808
Current tax payables	21		21
Other current liabilities	169,667		169,667
Bank borrowings and other financial liabilities	132,428		132,428
Total current financial liabilities	**782,924**	**0**	**782,924**
TOTAL FINANCIAL LIABILITIES	**1,193,523**	**0**	**1,193,523**
FINANCIAL INCOME (COSTS)	**(46,928)**	**0**	**(46,928)**

Liquidity risk

The Group's objective is to maintain a balance between funding and flexibility through the use of current account overdrafts, short-term bank loans (hot money and advances), leases and medium/long-term loans.

The Group is characterized by a labor-intensive model which does not involve significant requirements of capital for investments. However, the Group's customers are mainly composed of public authorities, known for long payment times in respect of the services provided. This aspect means the Group has to also finance working capital through bank indebtedness.

For this purpose the Group may make use of committed credit lines in the form of loans or of assignments without recourse of trade receivables and reverse factoring in order to meet financial requirements (if any).

On 14 January 2022, the Parent Company Rekeep S.p.A. and other subsidiaries signed a new agreement with BFF Bank S.p.A. for the non-recourse assignment of its own trade receivables for an amount of up to € 300 million. The agreement, initially for a three-year term, was supplemented on 31 January 2024 to extend its term until 25 January 2028 and provides for the possibility of assigning, without recourse and on a revolving basis, the amounts claimed from Entities in the National Health System and Public Authorities. The new agreement replaces the previous one, which was also signed with BFF Bank S.p.A. in 2018 and which provided for an annual ceiling of up to € 200 million for the assignment of receivables of the same type.

Within the context of the abovementioned refinancing transaction, the Parent Company Rekeep S.p.A. also signed a Super Senior Revolving (RCF) loan agreement for a total amount of € 75 million, governed by English law. Specifically, the RCF loan agreement was entered into between, among others, Rekeep S.p.A., on the one hand, and Credit Suisse AG Milan Branch, Goldman Sachs Bank Europe SE, JP Morgan AG and Unicredit S.p.A. (as Mandated Lead Arrangers), Unicredit S.p.A. as Agent and Security Agent, and the Original Lenders, on the other hand. No amount arising from uses under the Super Senior Revolving Loan

Agreement may be used, directly or indirectly, in order to,among other things, proceed with the repurchase or redemption of the Bond Issue or the purchase of shares in Rekeep S.p.A..

The Group's management believes that the structure of the financial debt maturity, as well as the availability of the abovementioned committed credit lines, allow the Group to meet its financial requirements in an adequate manner.

Price risk

Risks of this nature which the Group is exposed to could involve changes in the price:

- of oil products relating to heat management activities,
- of cotton, the raw material in the linen used for laundering activities.

However, concerning oil products, these changes are, for the most part, accommodated by the conditions of contracts in place with customers, given that price revision is provided for both by contract, and by art. 115 of Decree Law no. 163 of 12 April 2006. In fact, these clauses were activated during 2022 and 2023, which was characterized by a sharp rise in energy prices, allowing the Group to mitigate their effects to a significant extent.

Credit risk

The Group's portfolio mix, which, in the past, was made up mainly of contracts with the Public Administration, a situation that did not present insolvency problems, but which required constant contact with customers in order to minimize delays caused by the Authority's red-tape and jointly resolve problems relating to their financial management. At present the portfolio mix also includes some large Italian industrial, commercial and banking groups, mainly organized as a network all over the country.

There are no significant credit concentration risks to report, which are carefully monitored by the Group. Furthermore, the Group has equipped itself over time with specific procedures and structures aimed at a more efficient management of its working capital, as well as of debt collection.

Fair value

The carrying amount of the Group's financial instruments recorded in the consolidated Financial Statements does not deviate from the fair value, including the value of those classified as assets held for sale. Market interest rates were applied to financial assets and liabilities as at the balance sheet date.

The comparison between the carrying amount and fair value of the main financial assets and liabilities is shown below:

	Carrying Amount		Fair value	
	31 December 2023	31 December 2022	31 December 2023	31 December 2022
FINANCIAL ASSETS				
Cash and cash equivalents	76,812	84,243	76,812	84,243
Receivables and other current financial assets	15,545	7,017	15,545	7,017
Other minority interests	5,996	5,996	5,996	5,996
Non-current financial receivables	6,929	24,202	6,929	24,202
FINANCIAL LIABILITIES				
Loans:				
- Variable rate loans	43,689	42,100	43,689	42,100
- Fixed rate loans	449,533	439,478	449,533	439,478
Other current financial liabilities	60,122	59,459	60,122	59,459

Interest rate risk

With the refinancing transaction carried out by the Parent Company Rekeep S.p.A., the Group has requalified its own financial structure, extending the maturity of the medium/long-term debt and keeping a short-term debt portion balanced with respect to the financing requirements of its working capital.

The main source of financing of the Rekeep Group consists of the Senior Security Notes bond issue with a coupon at a fixed rate of 7.25%.

In addition to the bond issue the Group uses, as medium/long-term financing, bank loans subject to the application of fixed interest rates and lease agreements subject to the application of variable interest rates.

The forms of short-term financing used by the Group, which are mainly subject to the application of variable rates which can be identified as the EURIBOR rate, include current account overdrafts, short- and very short-term (hot money) bank loans and assignments of receivables and reverse factoring.

The Group's indebtedness mix is then mainly linked to medium/long-term fixed interest rates.

The breakdown of financial instruments of the Group exposed to interest rate risks is listed in note 17, to which reference should be made as regards Loans, and in notes 9 and 12 to which reference should be made as regards *Non-current financial assets* and *Cash and cash equivalents*, *Receivables and other current financial assets*, respectively.

Interest rate sensitivity analysis

The structure of the consolidated debt is affected, to a marginal extent, by the changes in market rates, as it is mainly based on forms of financing subject to the payment of interest calculated on the basis of fixed rates, as described above. For the remaining amount, the Group makes recourse to variable rate loans, which are linked to the EURIBOR performance.

The table below shows the sensitivity of pre-tax profit for the year to reasonably possible variations in interest rates, all the other variables being kept constant.

	Increase / Decrease	Effect of the profit (loss) gross of taxes
Financial year ended 31 December 2023	+ 150 bps	(1,878)
	- 30 bps	376
Financial year ended 31 December 2022	+ 150 bps	(2,178)
	- 30 bps	436

The sensitivity analysis confirms the rigidity of the financial structure adopted by the Rekeep Group, which is mainly based on medium/long-term fixed-rate loans, as already detailed above.

Exchange rate risk

The Group companies have limited dealings with countries in different currencies; however, some companies operate in countries that are not part of the Eurozone. In relation to exchange rate risk, it should be noted that the amount of accounting balances denominated in currencies other than the functional currency is to be regarded as not significant compared to the Group's total revenues (18% at 31 December 2023).

Therefore, the Group remains exposed to exchange rate risk on the balances of assets and liabilities denominated in foreign currency at the end of the year.

The Group has neither entered into nor is planning to enter into hedging instruments against exchange rate fluctuations in the future.

Capital management

The key objective of the Group’s capital management is to guarantee that a solid credit rating is maintained as well as adequate capital ratios to support operations and to maximize value for shareholders.

The Group manages the capital structure and amends it on the basis of changes in economic conditions. In order to maintain or adjust the capital structure, the Group can adjust the dividends paid to shareholders, repay principal or issue new shares.

The Group checks its debt ratio, by assessing the ratio of net debt to the total of own equity and net debt: interest-bearing loans, trade payables, other payables and provisions for employee severance indemnity net of cash and cash equivalents.

	31 December 2023	31 December 2022
Employee termination indemnity	10,419	9,970
Interest-bearing loans	493,222	481,577
Trade payables and contract liabilities	422,958	480,808
Other current payables	172,095	169,667
Other current financial payables	60,122	59,459
Cash and cash equivalents	(76,812)	(84,243)
Other current financial assets	(15,545)	(7,017)
Total Net Debt	**1,066,459**	**1,110,221**
Group shareholders' equity	55,486	66,862
Undistributed net profit (loss)	13,221	(27,131)
Total Capital	**68,707**	**39,731**
EQUITY AND NET DEBT	**1,135,166**	**1,149,952**
INDEBTEDNESS RATIO	**93.9%**	**96.5%**

The debt ratio was equal to 93.9% at 31 December 2023. The debt ratio showed a decrease compared to 31 December 2022 as a result of two effects: (i) an increase in the share capital due to the allocation of profits achieved in 2022 to reserves; (ii) a decrease in net debt during 2023.

36. OTHER INFORMATION

In 2023, the Group companies received some financial benefits from Public Authorities or entities treated as such as referred to in Law no. 124 of 4 August 2017 bearing "*Annual Act on market and competition*".

Specifically, during the 2023 financial year proceeds were achieved from tax credits, equal to a total amount of € 17.7 million for the Group, 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 loans named "Artigiancassa Loan", "SACE Loan" and "Sabatini Loan", respectively, as described in note 17 above. Finally, additional financial benefits were obtained for a lower amount, for which reference should be made to the information provided in the "Register of State Aids" published on-line at the website www.rna.gov.it, s section "TRANSPARENCY - PERSONAL AID".

37. 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 S.p.A. 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.

Zola Predosa, 29 April 2024

The Chairman

Claudio Levorato

ANNEX I

GROUP COMPANIES

PARENT COMPANY

	Currency	Registered Office	City
Rekeep S.p.A.	Euro	Via Ubaldo Poli n. 4	Zola Predosa (BO)

SUBSIDIARIES CONSOLIDATED ON A LINE-BY-LINE BASIS

Name	Registered Office	City	% Held	Currency
Bologna Strade Soc. Cons. a r.l.	Via Ubaldo Poli no. 4	Zola Predosa (BO)	54.37%	Euro
C-Food S.p. z o.o.	ul. Traktorowa 126/201, 91-204	Lodz (Poland)	100%	PLN
Catermed S.p. z o.o.	ul. Traktorowa n. 126/201, 91-204	Lodz (Poland)	100%	PLN
Cefalù Energia S.r.l.	Via Ubaldo Poli no. 4	Zola Predosa (BO)	100%	Euro
Consorzio Stabile CMF	Via Bolzano no. 59	Trento (TN)	97.74%	Euro
DUC Gestione Sede Unica Soc.cons.r.l.	Via Ubaldo Poli no. 4	Zola Predosa (BO)	71%	Euro
EOS Hijyen Tesis Hizmetleri Saglik Insaat Servis Muhendislik A.S.	Üniversiteler Mahallesi, Bilkent Plaza, A3 Blok, n. 4	Çankaya/ Ankara	51%	TRY
Ferraria Soc. cons. a r.l.	Via Ubaldo Poli no. 4	Zola Predosa (BO)	69%	Euro
H2H Cleaning S.r.l.	Via Ubaldo Poli no. 4	Zola Predosa (BO)	100%	Euro
H2H Facility Solutions S.p.A.	Via Ubaldo Poli no. 4	Zola Predosa (BO)	100%	Euro
Infrastrutture Lombardia Servizi Soc.Cons. a r.l.	Via Ubaldo Poli no. 4	Zola Predosa (BO)	60%	Euro
ISOM Gestione Soc.Cons. a r.l.	Via Ubaldo Poli no. 4	Zola Predosa (BO)	52.97%	Euro
ISOM Lavori Soc.Cons. a r.l.	Via Ubaldo Poli no. 4	Zola Predosa (BO)	62.71%	Euro
IZAN+ sp. z o.o.	ul. Żabiniec n. 46, 31-215	Krakow (Poland)	100%	PLN
JOL-MARK sp. z o.o.	ul. Portowa n. 16G, 44-100	Gliwice (Poland)	100%	PLN
KANARIND Soc.Cons. a r.l.	Via Ubaldo Poli no. 4	Zola Predosa (BO)	62.43%	Euro
Kolumna Transportu Sanitarnego Triomed sp. z o.o.	ul. Północna n. 22, 20-064	Lublin (Poland)	100%	PLN
Medical Device S.r.l.	Via della Tecnica no. 52	Montevarchi (AR)	60%	Euro
Monasterio Energia S.r.l.	Via dei Colatori, 12	Sesto Fiorentino (FI)	60%	Euro

Name	Registered Office	City	% Held	Currency
Naprzód Catering sp. z o.o.	ul. Stefana Banacha 1A, 02-097	Warsaw (Poland)	100%	PLN
Naprzód Hospital sp. z o.o.	ul. Traktorowa 126/301, 91-204	Lodz (Poland)	100%	PLN
Naprzód Inwestycje sp. z o.o.	ul. Traktorowa 126/301, 91-204	Lodz (Poland)	100%	PLN
Naprzód Marketing sp. z o.o.	ul. Traktorowa 126/301, 91-204	Lodz (Poland)	100%	PLN
Naprzód Service sp. z o.o.	ul. Traktorowa 126/202, 91-204	Lodz (Poland)	100%	PLN
Progetto Sintesi Soc. Cons. a r.l.	Via Ubaldo Poli no. 4	Zola Predosa (BO)	60%	Euro
Rekeep Digital S.r.l.	Via Ubaldo Poli no. 4	Zola Predosa (BO)	100%	Euro
Rekeep Facility S.a.s.	52, Boulevard de Sebastopol	Paris	100%	Euro
Rekeep Facilities Management LLC	Rasis Business Centre, Makani No, 18353 78040 Al Barsha First	Dubai (United Arab Emirates)	100%	AED
Rekeep France S.a.s.	52, Boulevard de Sebastopol	Paris	93.07%	Euro
Rekeep Mobilites S.a.s.	11 bis Rue de Moscou	Paris	100%	Euro
Rekeep Polska S.A.	ul. Traktorowa 126/301, 91-204	Lodz (Poland)	80%	PLN
Rekeep Rail S.r.l.	Via Ubaldo Poli no. 4	Zola Predosa (BO)	100%	Euro
Rekeep Santè S.a.s.	11 bis Rue de Moscou	Paris	100%	Euro
Rekeep Saudi CO Ltd	P.O Box 230888, K.S.A., 28th floor, Kingdom Tower	Riyadh (United Arab Emirates)	100%	SAR
Rekeep Superfood S.p. z o.o.	91-204 Lodz, ul. Traktorowa 126	Krakow, Poland	100%	PLN
Rekeep Transport S.a.s.	4 place Louis Armand-Tour de l'Horloge	Paris	100%	Euro
Rekeep World S.r.l.	Via Ubaldo Poli no. 4	Zola Predosa (BO)	100%	Euro
S.AN.GE S.c.a.r.l.	Viale Sarca 336 – Strada Privata Breda – Edificio 12	Milan	100%	Euro
San Gerardo Servizi Soc. Cons. a r.l.	Via Ubaldo Poli no. 4	Zola Predosa (BO)	60%	Euro
Servizi Brindisi Soc. Cons. a r.l.	Via Ubaldo Poli no. 4	Zola Predosa (BO)	52%	Euro
Servizi Ospedalieri S.p.A.	Via Calvino no.33	Ferrara	100%	Euro
Servizi Sanitari Sicilia Soc. Cons. a r.l.	Via Calvino no.33	Ferrara	70%	Euro
Ster-med S.p. z o.o.	ul. Plk. Stanislawa Dabka 16, 30-372	Krakow, Poland	90%	PLN
Tecnopolo Energy Service S.r.l.	Via Ubaldo Poli no. 4	Zola Predosa (BO)	84%	Euro
Telepost S.r.l.	Via Ubaldo Poli no. 4	Zola Predosa (BO)	100%	Euro
Treviso GS4 Soc. Cons. a r.l.	Via Ubaldo Poli no. 4	Zola Predosa (BO)	50.10%	Euro
U.Jet Romania Private Limited Company	str. Garii no. 10	Sighetu Marmatiei, Romania	100%	RON
U.Jet S.r.l.	Via San Francescuccio dè Mietitori no. 32	Bastia Umbra (PG)	60%	Euro

JOINT VENTURES ACCOUNTED FOR UNDER THE EQUITY METHOD

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

ASSOCIATES AND OTHER COMPANIES ACCOUNTED FOR UNDER THE EQUITY METHOD

Name	Registered Office	City	% Held	Currency
2High S.r.l.	Via Farini no.6	Bologna	20.09%	Euro
Alisei S.r.l. in liquidation	Via Cesari 68/1	Modena	100%	Euro
ARIENES Soc. Cons. a r.l.	Via Nubi di Magellano no. 30	Reggio Emilia	35%	Euro
BGP2 Soc. Cons. r.l.	Via Giovanni Papini no. 18	Bologna	41.17%	Euro
Bologna Global Strade Soc. Cons. r.l. in liquidation	Via Zanardi no. 372	Bologna	59.65%	Euro
Centro Europa Ricerche S.r.l.	Via G. Zanardelli no. 34	Rome	21.38%	Euro
Consorzio Igiene Ospedaliera Soc. Cons. a r.l. in liquidation	Via Ubaldo Poli no. 4	Zola Predosa (BO)	66.66%	Euro
Consorzio Sermagest Soc. Cons. a r.l. in liquidation	Via Filippo Corridoni no. 23	Rome	60%	Euro
Fondazione Ricerca, Scienze Neurologiche Azienda USL di Bologna	Via Altura, no. 3	Bologna	21.08%	Euro
Gestione Servizi Taranto Soc. Cons.a r.l.	Via Ubaldo Poli no. 4	Zola Predosa (BO)	47%	Euro
Gestione Strade Soc. Cons.a r.l.	Strada Manara n. 64/B	Parma	25%	Euro
Global Oltremare Soc. Cons. r.l. in liquidation	Via Ubaldo Poli no. 4	Zola Predosa (BO)	60%	Euro
Global Vicenza Soc. Cons. a r.l.	Via Grandi no. 39	Concordia Sulla Secchia (MO)	41.25%	Euro
Gymnasium Soc. Cons. r.l. in liquidation	Via Ubaldo Poli no. 4	Zola Predosa (BO)	68%	Euro
GR.A.AL. Soc. Cons. a. r.l.	Via Guelfa no. 76	Bologna	29.93%	Euro
Imola Verde e Sostenibile Soc. Cons. a r.l.	Via S. Allende no. 39	Bologna	30%	Euro
Iniziative Produttive Piemontesi S.r.l.	Corso Einaudi no. 18	Turin	24.75%	Euro
Logistica Ospedaliera Soc. Cons. a r.l	Via C. Alberto Dalla Chiesa 23/I	Caltanissetta (CL)	45%	Euro
Manutencoop International Services LLC in liquidation	Qatar Tower, building 35, street 920, zone 63	Doha (Qatar)	49%	QAR

Name	Registered Office	City	% Held	Currency
MCF servizi Integrati Soc. Cons. a r.l in liquidation	Via Ubaldo Poli no. 4	Zola Predosa (BO)	60%	Euro
MSE Soc. Cons. a r.l. in liquidation	Via Ubaldo Poli no. 4	Zola Predosa (BO)	56%	Euro
Newco Duc Bologna S.p.A.	Via M.E. Lepido 182/2	Bologna	44.81%	Euro
Palmanova Servizi Energetici Soc. Cons. a r.l. in liquidation	Via Ubaldo Poli no. 4	Zola Predosa (BO)	60%	Euro
Rekeep Arabia for Operations and Maintenance Ltd in liquidation	P.O Box 230888, Riyadh, 11321, K.S.A., 28th floor, Kingdom tower.	Riyadh (Saudi Arabia)	100%	SAR
Roma Multiservizi S.p.A. in liquidation	Via Tiburtina 1072	Rome	45.47%	Euro
San Martino 2000 Soc. Cons. a r.l.	Via al Molo Vecchio	Calata Gadda (GE)	40%	Euro
S.E.I. Energia Soc. Cons. a r.l.	Via Emilia no. 65	Palermo (PA)	49%	Euro
Servizi Napoli 5 Soc. Cons. a r.l.	Via Ubaldo Poli no. 4	Zola Predosa (BO)	45%	Euro
Steril Piemonte S.r.l.	Corso Einaudi no. 18	Turin	25%	Euro
Toscana Energia Nord Ovest (T.E.N.O.V.) S.r.l.	Via dei Colatori no.12	Sesto Fiorentino (FI)	45%	Euro
Yougenio S.r.l. in liquidation	Via Ubaldo Poli no. 4	Zola Predosa (BO)	100%	Euro

ANNEX II

EQUITY-ACCOUNTED INVESTMENTS

	%	Net assets 31 December 2022	Changes for the financial year					Net assets 31 December 2023	Book value	Provision for risks
			Financial effects	Dividends	Revaluations Write-downs	Provision for risks	Effects on shareholders' equity			
2HIGH S.r.l.	20.09%	90						90	90	
Alisei S.r.l. in liquidation	100%	(118)				(8)		(126)	0	(126)
A.M.G. S.r.l.	50%	2,371			244			2,615	2,615	
ARIENES Soc. Cons. a r.l.	35%	18						18	18	
BGP 2 Soc. Cons. a r.l.	41.47%	62						62	62	
Bologna Global Strade Soc. Cons. a. r.l. in liquidation	59.65%	60	(12)		12			60	60	
Centro Europa Ricerche S.r.l.	21.38%	66			(2)			64	64	
Consorzio Igiene Ospedaliera Soc. Cons. a r.l. in liquidation	66.66%	0	7					7	7	
CO.GE.F. Soc. Cons. a r.l. in liquidation	80%	0						0	0	
Co. & Ma. Soc. Cons.r.l. in liquidation	50%	5						5	5	
Consorzio Sermagest in liquidation	60%	0						0	0	
Consorzio Servizi Toscana a r.l.	60%	6	(6)					0	0	
DUC Gestioni Soc.Cons. a r.l.	49%	10	(10)					0	0	
Fondazione Ricerca, Scienze Neurologiche Azienda USL di Bologna	21.08%	35						35	35	
Gestione Servizi Taranto Soc. Cons. r.l.	47%	9						9	9	
Gestione Strade Soc. Cons. a r.l.	25%	13						13	13	
Global Oltremare Soc. Cons. a r.l. in liquidation	60%	6						6	6	
Global Vicenza Soc.Cons. a r.l.	41.25%	4						4	4	
GR.A.AL Soc. Cons. a r.l.	29.93%	3						3	3	

	%	Net assets 31 December 2022	Changes for the financial year					Net assets 31 December 2023	Book value	Provision for risks
			Financial effects	Dividends	Revaluations Write-downs	Provision for risks	Effects on shareholders' equity			
Gymnasium soc. Cons. a r.l. in liquidation	68%	7						7	7	
Imola Verde e Sostenibile Soc. Cons. a r.l. (IVES)	30%	6						6	6	
IPP S.r.l.	24.75%	510			24			534	534	
Legnago 2001 Soc. Cons. a r.l. in liquidation	50%	5						5	5	
Logistica Ospedaliera Soc. Cons. a r.l	45%	5						5	5	
Logistica Sud-Est Soc. Cons. a r.l. in liquidation	60%	0						0	0	
Manutencoop International Services LLC	49%	(128)					14	(114)	0	(114)
MCF Servizi integrati Soc. Cons. a r. l. in liquidation	60%	6						6	6	
MSE Soc. Cons. a r.l. in liquidation	56%	6						6	6	
Newco DUC Bologna S.p.A.	44.81%	3,001	2,400		620		211	6,232	6,232	
Palmanova Servizi Energetici Soc. Cons. a r.l. in liquidation	60%	6						6	6	
Rekeep Arabia for Operations and Maintenance Ltd in liquidation	100%	0						0	0	
ROMA Multiservizi S.p.A. in liquidation	45.47%	2,801			(1,574)		7	1,234	1,234	
S.AN.CO S.c.a.r.l. in liquidation	100%	0	(685)		685			0	0	
San Martino 2000 Soc.Cons. a r.l.	40%	4						4	4	
S.E.I. Energia Soc. Cons. a r.l.	49%	5						5	5	
Servizi Napoli 5 Soc. Cons. a r.l.	45%	5						5	5	
Servizi Sportivi Brindisi Soc. Cons. a r.l. in liquidation	50%	5	(5)					0	0	
Steril Piemonte S.r.l.	25%	994	(750)		2			246	246	
Toscana Energia Nord Ovest (T.E.N.O.V.) S.r.l.	45%	0	450		18			468	468	
Yougenio S.r.l. in liquidation	100%	(169)	53		(53)			(169)	0	(169)
NET BOOK VALUE		**9,707**	**1,442**	**0**	**(24)**	**(8)**	**233**	**11,349**	**11,758**	**(408)**

ANNEX III

RELATED-PARTY TRANSACTIONS

PARENT COMPANIES

		Revenues	Costs	Financial income	Financial charges		Trade receivables	Financial receivables and others	Trade payables	Financial payables and others
MSC S.p.A.	31-Dec-22	112	15,364	126	616	31-Dec-22	477	8,232	1,312	11,100
	31-Dec-23	47	2,800		561	31-Dec-23	14	5,772	1,983	5,426

ASSOCIATES AND JOINT-VENTURES

		Revenue	Costs	Financial income	Financial charges		Trade receivables	Financial receivables and others	Trade payables	Financial payables and others
2HIGH S.r.l.	31-Dec-22		296			31-Dec-22			176	
	31-Dec-23	4	293	1		31-Dec-23	2	21	225	
Alisei s.r.l. in liquidation	31-Dec-22					31-Dec-22	3			1
	31-Dec-23					31-Dec-23	3			1
AMG S.r.l.	31-Dec-22		577			31-Dec-22			722	
	31-Dec-23		883			31-Dec-23			880	
ARIENES Soc. Cons. a r.l.	31-Dec-22	21,678	20,528			31-Dec-22	21,678		20,528	
	31-Dec-23	17,173	17,207			31-Dec-23	19,013		16,715	
Bologna Gestione Patrimonio 2 Soc.Cons. a r.l.	31-Dec-22		639			31-Dec-22	18	25	785	
	31-Dec-23		254			31-Dec-23		25	450	
Bologna Global Strade Soc. Cons. a r.l. in liquidation	31-Dec-22		(50)			31-Dec-22	39	383	(159)	
	31-Dec-23	65				31-Dec-23				60
Centro Europa Ricerche S.r.l.	31-Dec-22					31-Dec-22				
	31-Dec-23					31-Dec-23				
CO.GE.F. Soc. Cons. a r.l. in liquidation	31-Dec-22					31-Dec-22				
	31-Dec-23		(78)			31-Dec-23				
Consorzio Igiene Ospedaliera Soc. Cons. a r.l. in liquidation	31-Dec-22					31-Dec-22				
	31-Dec-23		12			31-Dec-23			65	

		Revenue	Costs	Financial income	Financial charges		Trade receivables	Financial receivables and others	Trade payables	Financial payables and others
Consorzio Sermagest Soc.Cons.a r.l in liquidation	31-Dec-22					31-Dec-22				
	31-Dec-23					31-Dec-23				
Consorzio Servizi Toscana Soc.Cons.a r.l in liquidation	31-Dec-22					31-Dec-22	282		177	
	31-Dec-23		16			31-Dec-23				
CO.& MA. Soc. Cons. a r.l	31-Dec-22		(73)			31-Dec-22		20	676	
	31-Dec-23		9			31-Dec-23				5
DUC Gestione Sede Unica Soc. Cons. a r.l.	31-Dec-22	8,492	4,166			31-Dec-22	7,085		3,673	
	31-Dec-23	4,619	1,876			31-Dec-23				
Fondazione Ricerca, Scienze Neurologiche Azienda USL di Bologna	31-Dec-22					31-Dec-22				
	31-Dec-23					31-Dec-23				
Gestione Servizi Taranto Soc.Cons.a r.l.	31-Dec-22	5,189	4,866			31-Dec-22	6,975	42	5,658	
	31-Dec-23	4,504	3,851	60		31-Dec-23	9,514	41	7,140	
Gestione Strade soc.cons.r.l.	31-Dec-22	177	1,365			31-Dec-22	122	63	800	
	31-Dec-23	55	1,260			31-Dec-23	65	63	881	
Global Oltremare Soc.Cons.a r.l in liquidation	31-Dec-22		7			31-Dec-22			99	
	31-Dec-23		6			31-Dec-23			106	
Global Provincia di RN Soc.Cons.a r.l. in liquidation	31-Dec-22					31-Dec-22		70		
	31-Dec-23					31-Dec-23				
Global Vicenza Soc.Cons. a r.l.	31-Dec-22					31-Dec-22		10	17	
	31-Dec-23					31-Dec-23		10	17	
GR.A.AL. Soc. Cons. a. r.l.	31-Dec-22					31-Dec-22				
	31-Dec-23	15				31-Dec-23	15			
Gymnasium Soc. cons. a r.l in liquidation	31-Dec-22					31-Dec-22	1	8	33	
	31-Dec-23					31-Dec-23	1	8	33	
Imola Verde e Sostenibile Soc. Cons. a r.l. (IVES)	31-Dec-22	297	292			31-Dec-22	211		198	
	31-Dec-23	226	220			31-Dec-23	79		58	
IPP S.r.l.	31-Dec-22	4	325			31-Dec-22	16	35	305	
	31-Dec-23	2	239	1		31-Dec-23	2	36	207	
Legnago 2001 Soc. Cons. r.l. in liquidation	31-Dec-22		4			31-Dec-22	158		71	
	31-Dec-23		2			31-Dec-23	158		81	
Logistica Ospedaliera Soc. Cons. a r.l.	31-Dec-22		2			31-Dec-22			20	
	31-Dec-23		4			31-Dec-23			17	
Logistica Sud-Est Soc. Cons. a r.l. in liquidation	31-Dec-22					31-Dec-22				
	31-Dec-23		10			31-Dec-23				
Manutencoop International Services LLC in liquidation	31-Dec-22					31-Dec-22				
	31-Dec-23					31-Dec-23				

		Revenue	Costs	Financial income	Financial charges		Trade receivables	Financial receivables and others	Trade payables	Financial payables and others
MCF Servizi integarti Soc. cons. a r.l. in liquidation	31-Dec-22					31-Dec-22	365		5	
	31-Dec-23					31-Dec-23	365		5	
MSE Soc. cons. a r.l. in liquidation	31-Dec-22					31-Dec-22				
	31-Dec-23					31-Dec-23				
Newco DUC Bologna S.p.A	31-Dec-22					31-Dec-22			58	
	31-Dec-23	108	18			31-Dec-23	3,730	6	159	
Palmanova Servizi Energetici Soc. Cons. a r.l. in liquidation	31-Dec-22		5			31-Dec-22	75		5	
	31-Dec-23		5			31-Dec-23	75		10	
Rekeep Arabia for Operations and Maintenance Ltd in liquidation	31-Dec-22					31-Dec-22				
	31-Dec-23					31-Dec-23				
Roma Multiservizi S.p.A. in liquidation	31-Dec-22	593	415			31-Dec-22	361		312	
	31-Dec-23	516	(100)			31-Dec-23	582		165	
SA.N.CO. Soc. Cons. a r.l. in liquidation	31-Dec-22					31-Dec-22				
	31-Dec-23					31-Dec-23				
San Martino 2000 Soc.Cons. r.l.	31-Dec-22	1,700	2,314			31-Dec-22	561		1,609	
	31-Dec-23	1,527	2,246			31-Dec-23	930		1,537	
S.E.I. Energia Soc. Cons. a r.l.	31-Dec-22	49	7,055	22		31-Dec-22	184	880	5,395	
	31-Dec-23	76	5,627	47		31-Dec-23	121	904	4,314	
Servizi Napoli 5 Soc.Cons. a r.l.	31-Dec-22	836	754			31-Dec-22	3,439		2,038	
	31-Dec-23					31-Dec-23	3,439		2,038	
Steril Piemonte S.r.l.	31-Dec-22					31-Dec-22	7		104	
	31-Dec-23					31-Dec-23		550	32	
Toscana Energia Nord Ovest (T.E.N.O.V.) S.r.l.	31-Dec-22					31-Dec-22				
	31-Dec-23	2,273	51			31-Dec-23	1,618		655	315
Yougenio S.r.l. in liquidation	31-Dec-22	21	0	101		31-Dec-22	1		4	40
	31-Dec-23	23	(3)	223		31-Dec-23	28		2	40

SUBSIDIARIES OF MSC S.P.A.

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

		Revenues	Costs	Financial income	Financial charges		Trade receivables	Financial receivables and others	Trade payables	Financial payables and others
Nugareto Società Agricola Vinicola S.r.l.	31-Dec-22	1	49			31-Dec-22	1	6	72	
	31-Dec-23		41			31-Dec-23	1	6	121	
Puglia Multi Servizi S.r.l. in liquidation	31-Dec-22					31-Dec-22				
	31-Dec-23					31-Dec-23				
Sacoa S.r.l.	31-Dec-22	51	836			31-Dec-22	25		663	
	31-Dec-23		4			31-Dec-23				
Sacoa Servizi Telematici S.r.l.	31-Dec-22		26			31-Dec-22			15	
	31-Dec-23		25			31-Dec-23			31	
Segesta servizi per l'Ambiente S.r.l.	31-Dec-22	6				31-Dec-22	2	1		
	31-Dec-23	4				31-Dec-23	2	1		

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

		Revenues	Costs	Financial income	Financial charges		Trade receivables	Financial receivables and others	Trade payables	Financial payables and others
Consorzio Karabak Soc. Cooperativa	31-Dec-22	63	1			31-Dec-22	21		1	
	31-Dec-23	91	1			31-Dec-23	31		1	
Consorzio Karabak Due Società Cooperativa	31-Dec-22	4				31-Dec-22	1			
	31-Dec-23	5				31-Dec-23	2			
Consorzio Karabak Quattro Società Cooperativa	31-Dec-22		1			31-Dec-22			1	
	31-Dec-23					31-Dec-23				
Consorzio Karabak Cinque Società Cooperativa	31-Dec-22					31-Dec-22				
	31-Dec-23					31-Dec-23				
Consorzio Karabak Sei Società Cooperativa	31-Dec-22					31-Dec-22				
	31-Dec-23					31-Dec-23				

		Revenues	Costs	Financial income	Financial charges		Trade receivables	Financial receivables and others	Trade payables	Financial payables and others
TOTAL	**31-Dec-22**	**39,273**	**59,764**	**249**	**616**	**31-Dec-22**	**42,109**	**9,775**	**45,373**	**11,141**
	31-Dec-23	**31,333**	**36,779**	**332**	**561**	**31-Dec-23**	**39,791**	**7,443**	**37,928**	**5,847**

ANNEX IV

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

	For the year ended 31 December			
		2023		2022
Cash and cash equivalents at the beginning of the year		**84,243**		**99,512**
Cash flow from current operations:		**53,711**		**80,841**
Profit before tax	577		31,249	
Amortization, depreciation, write-downs and (write-backs) of assets	47,721		41,912	
Accrual (reversal) of provisions for risks and charges	14,964		13,505	
Employee termination indemnity provision	1,777		1,645	
Share of net profit of associates, net of dividends collected	299		356	
Financial charges (income) for the period	55,538		39,919	
Net interests received (paid) in the period	(44,999)		(30,308)	
Income taxes paid in the period	(10,526)		(7,830)	
Reclassifications:				
Non-cash net financial charges accounted for under the Statement of Profit or Loss	*(11,639)*		*(9,606)*	
Uses of provisions for risks and charges and payments of the Employee Termination Indemnity (TFR):		**(9,544)**		**(4,976)**
Payments of employee termination indemnity	(1,780)		(1,976)	
Use of provisions for risks and charges	(7,764)		(2,999)	
CHANGE IN NWOC:		**(41,496)**		**(21,588)**
Decrease (increase) in inventories	(1,285)		645	
Decrease (increase) in trade receivables	19,442		(96,670)	
Increase (decrease) in trade payables	(59,653)		74,437	
INDUSTRIAL AND FINANCIAL CAPEX:		**(30,783)**		**(83,316)**

	For the year ended 31 December			
		2023		2022
(Purchase of intangible assets, net of sales)	(5,356)		(4,586)	
(Purchase of property, plant and equipment)	(41,432)		(53,331)	
Proceeds from sale of property, plant and equipment	2,310		1,219	
(Acquisition of investments)	(604)		(507)	
Decrease (increase) of financial assets	4,510		(7,446)	
Financial effects of business combinations	(3,447)		(12,793)	
Reclassifications:				
Change in current financial assets	*13,313*		*(10,798)*	
Debt for the acquisition of investments and business combinations	*(77)*		*(1,950)*	
Non-cash elements on net acquisitions of fixed assets	*0*		*6,877*	
CHANGE IN NET FINANCIAL LIABILITIES:		**3,780**		**53,858**
Lease payments	(13,048)		(8,711)	
Non-current borrowings	60,186		0	
Repayment of non-current borrowings	(24,240)		(266)	
Net opening (repayment) of short-term bank credit lines	12,256		9,153	
Other net changes in borrowings	(39,398)		33,227	
Reclassifications:				
Non-cash net financial charges accounted for under the Statement of Profit or Loss	*11,639*		*9,606*	
Net change in current financial assets	*(13,313)*		*10,798*	
Non-cash elements on acquisitions of rights of use	*9,620*		*(1,022)*	
Debt for the acquisition of investments and business combinations	*77*		*1,950*	
Dividend authorized and not distributed in the year/ Dividend distribution authorized in the previous year	*0*		*(878)*	
OTHER CHANGES:		**16,902**		**(40,088)**
Decrease (increase) in other current assets	26,042		(35,152)	
Increase (decrease) in other current liabilities	(190)		1.563	
Dividends distributed	(122)		(918)	
Acquisition/sale of minority interests in subsidiaries	(155)		(655)	
Differences from translation of financial statements in foreign currency	948		51	
Reclassifications:				

	For the year ended 31 December			
	2023		2022	
Non-cash elements on acquisitions of rights of use	*(9,620)*		*(5,856)*	
Dividend authorized and not distributed in the year / Dividend distribution authorized in the previous year	*0*		*878*	
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD		**76,812**		**84,243**

Rekeep S.p.A.

Consolidated financial statements as of December 31, 2023

Independent auditor's report pursuant to article 14 of Legislative Decree n. 39, dated 27 January 2010

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Independent auditor's report pursuant to article 14 of Legislative Decree n. 39, dated 27 January 2010 (Translation from the original Italian text)

To the Sole Shareholder of
Rekeep S.p.A.

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of Rekeep Group (the "Group"), which comprise the consolidated statement of financial position as of December 31, 2023, and the consolidated statement of profit or loss, the consolidated statement of other comprehensive income, consolidated statement of changes in shareholders' equity and consolidated statement of cash flows for the year then ended, and explanatory notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the consolidated financial statements give a true and fair view of the financial position of the Group as of December 31, 2023, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISA Italia). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report.
We are independent of Rekeep S.p.A. in accordance with the regulations and standards on ethics and independence applicable to audits of financial statements under Italian Laws. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter

We draw attention:

- to note "*2.3 Discretionary assessments and significant accounting assumptions*" of the consolidated financial statements in which the directors describe the events that led to a loss for the year of euro 13,2 million and a net financial position of euro 461 million as of 31 December 2023, of which euro 155,1 million short-term. The directors, after having evaluated the expected results for the current financial year and those expected in forthcoming financial years, and after having verified the Groups's ability to generate sufficient cash flows from core activities in the next 12 months to regularly fulfill its obligations in that period of time, they have prepared the consolidated financial statements on the basis of the going concern assumption. Furthermore, considering probable that there will not be the financial resources necessary for the full repayment of the bond expiring in February 2026, they inform that they have started analyses in order to identify the best solutions to address this situation and make the debt itself sustainable, including the possibility of partially refinancing the aforementioned bond, or identifying other possible sources of financing as well as carve-out (sale of assets or sale of equity investments);

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- to note "*15. Provisions for risks and charges*" of the consolidated financial statements in which the directors describe the assessments performed regarding the disputes in progress at that date.

Our opinion is not modified in respect of this matters.

Responsibilities of Directors and Those Charged with Governance for the Consolidated Financial Statements

The Directors are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the European Union, and, within the terms provided by the law, for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

The Directors are responsible for assessing the Group's ability to continue as a going concern and, when preparing the consolidated financial statements, for the appropriateness of the going concern assumption, and for appropriate disclosure thereof. The Directors prepare the consolidated financial statements on a going concern basis unless they either intend to liquidate the Parent Company Rekeep S.p.A. or to cease operations, or have no realistic alternative but to do so.

The statutory audit committee ("Collegio Sindacale") is responsible, within the terms provided by the law, for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with International Standards on Auditing (ISA Italia) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with International Standards on Auditing (ISA Italia), we have exercised professional judgment and maintained professional skepticism throughout the audit. In addition:

- we have identified and assessed the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, designed and performed audit procedures responsive to those risks, and obtained audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- we have obtained an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control;
- we have evaluated the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors;
- we have concluded on the appropriateness of Directors' use of the going concern basis of

accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to consider this matter in forming our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern;

- we have evaluated the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- we have obtained sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We have communicated with those charged with governance, identified at an appropriate level as required by ISA Italia, regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Report on compliance with other legal and regulatory requirements

Opinion pursuant to article 14, paragraph 2, subparagraph e), of Legislative Decree n. 39 dated 27 January 2010

The Directors of Rekeep S.p.A. are responsible for the preparation of the Report on Operations* of Rekeep Group as of December 31, 2023, including its consistency with the related consolidated financial statements and its compliance with the applicable laws and regulations.

We have performed the procedures required under audit standard SA Italia n. 720B, in order to express an opinion on the consistency of the Report on Operations, with the consolidated financial statements of Rekeep Group as of December 31, 2023 and on its compliance with the applicable laws and regulations, and in order to assess whether it contains material misstatements.

In our opinion, the Report on Operations is consistent with the consolidated financial statements of Rekeep Group as of December 31, 2023 and comply with the applicable laws and regulations.

With reference to the statement required by art. 14, paragraph 2, subparagraph e), of Legislative Decree n. 39, dated 27 January 2010, based on our knowledge and understanding of the entity and its environment obtained through our audit, we have no matters to report.

Bologna, April 12, 2024

EY S.p.A.
Signed by: Elisa Vicenzi, Auditor

This report has been translated into the English language solely for the convenience of international readers.

* The Report on Operations is not included in the Offering Memorandum

Consolidated financial statements

at 31 december 2022

CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(in thousands of Euro)	NOTES	31 December 2022	31 December 2021
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	4	93,249	86,375
Property, plant and equipment under lease	5	54,625	43,590
Goodwill	7	404,935	404,706
Other intangible assets	6	18,288	19,479
Investments accounted for under the equity method	8	10,121	9,153
Other investments	9	5,996	7,140
Non-current financial assets	9	24,202	4,702
Other non-current assets	9	3,104	3,232
Deferred tax assets	30	17,968	15,783
TOTAL NON-CURRENT ASSETS		**632,488**	**594,160**
CURRENT ASSETS			
Inventories	10	12,088	12,743
Trade receivables and advances to suppliers	11	537,227	443,248
Current tax receivables	30	8,671	5,278
Other current assets	11	59,211	24,133
Current financial assets	12	7,017	14,799
Cash and cash equivalents	12	84,243	99,512
TOTAL CURRENT ASSETS		**708,457**	**599,713**
Assets held for sale		0	0
TOTAL NON-CURRENT ASSETS HELD FOR SALE		**0**	**0**
TOTAL ASSETS		**1,340,945**	**1,193,873**

(in thousands of Euro)	NOTES	31 December 2022	31 December 2021
SHAREHOLDERS' EQUITY			
Share capital		109,150	109,150
Reserves		6,696	11,510
Retained earnings		(76,115)	(51,326)
Profit/(loss) for the year attributable to equity holders of the Parent		27,131	(22,588)
EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT		**66,862**	**46,746**
Capital and reserves attributable to non-controlling interests		5,728	2,985
Profit/(loss) for the year attributable to non-controlling interests		368	1,603
EQUITY ATTRIBUTABLE TO NON-CONTROLLING INTERESTS		**6,096**	4,588
TOTAL SHAREHOLDERS' EQUITY	13	**72,958**	**51,334**
NON-CURRENT LIABILITIES			
Employee termination indemnity	14	9,970	10,483
Provisions for risks and charges, non- current	15	30,192	26,035
Long-term financial debt	17	408,608	412,883
Deferred tax liabilities	30	15,819	16,384
Other non-current liabilities		1,991	1,391
TOTAL NON-CURRENT LIABILITIES		**466,580**	**467,176**
CURRENT LIABILITIES			
Provisions for risks and charges, current	15	18,483	12,455
Trade payables and contract liabilities	19	480,808	413,374
Current tax payables	30	21	0
Other current liabilities	19	169,667	167,457
Bank borrowing, including current portion of long-term debt, and other financial liabilities	17	132,428	82,077
TOTAL CURRENT LIABILITIES		**801,407**	**675,363**
Liabilities directly associated with non-current assets held for sale		0	0
TOTAL LIABILITIES DIRECTLY ASSOCIATED WITH NON-CURRENT ASSETS HELD FOR SALE		**0**	**0**
TOTAL LIABILITIES		**1,340,945**	**1,193,873**

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

(in thousands of Euro)	NOTES	For the year ended	
		31 December 2022	31 December 2021
REVENUES			
Revenues from contracts with customers	20	1,290,608	1,118,759
Other revenues	21	3,768	3,266
TOTAL REVENUES		**1,294,376**	**1,122,025**
OPERATING COSTS			
Costs of raw materials and consumables	22	(352,579)	(214,966)
Change in inventories of finished and semi-finished products	22	217	(918)
Costs for services and use of third-party assets	23	(335,877)	(323,352)
Personnel costs	24	(469,406)	(460,196)
Other operating costs	25	(10,923)	(13,606)
Capitalization of lower internal construction costs		552	140
Amortization, depreciation, write-downs and write-backs of assets	26	(41,912)	(41,477)
Accrual of provisions for risks and charges	15	(13,505)	(5,471)
TOTAL OPERATING COSTS		**(1,223,433)**	**(1,059,846)**
OPERATING INCOME		**70,943**	**62,179**
FINANCIAL INCOME AND EXPENSES			
Share of net profit of associates	8	703	1,267
Dividends and income (loss) from sale of investments	27	(478)	1,498
Financial income	28	2,773	1,055
Financial charges	29	(43,568)	(69,681)
Profit (loss) on exchange rate		876	424
Profit (loss) before tax		**31,249**	**(3,258)**
Income taxes, current, prepaid and deferred	30	(3,750)	(17,743)
Net profit (loss) from continuing operations		27,499	(21,001)
Profit (loss) from discontinued operations		0	16
Profit (loss) for the year		**27,499**	**(20,985)**
Net profit (loss) for the year attributable to non- controlling interests	13	(368)	(1,603)
NET PROFIT (LOSS) FOR ATTRIBUTABLE TO THE GROUP		**27,131**	**(22,588)**

	For the year ended	
	31 December 2022	31 December 2021
Basic earnings per share	0.249	(0.207)
Diluted earnings per share	0.249	(0.207)
Basic earnings per share from continuing operations	0.249	(0.207)
Diluted earnings per share from continuing operations	0.249	(0.207)

CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME

(in thousands of Euro)	NOTES	For the year ended	
		31 December 2022	31 December 2021
NET RESULT FOR THE YEAR		**27,499**	**(20,985)**
Other comprehensive income, which will be subsequently reclassified under profit/loss for the year:			
Differences from translation of foreign financial statements		(1,151)	(1,479)
Share of other comprehensive income of entities accounted for using the equity method, which will be subsequently reclassified under profit/loss for the year	8	610	317
Other comprehensive income, which will be subsequently reclassified under profit/loss for the year		**(541)**	**(1,163)**
Other comprehensive income, which will not be subsequently reclassified under profit/loss for the year:			
Actuarial gains (losses) on defined benefit plans		774	197
Income taxes		(42)	(15)
Net effect on actuarial gains (losses)	14	**732**	**182**
Share of other comprehensive income for the year of entities accounted for using the equity method, which will not be subsequently reclassified under profit/loss for the year	8	86	(33)
Other comprehensive income for the year, which will not be subsequently reclassified under profit/loss for the year		**818**	**148**
TOTAL OTHER COMPREHENSIVE INCOME (LOSS), NET OF TAX		**276**	**(1,014)**
COMPREHENSIVE INCOME (LOSS), NET OF TAXES		**27,775**	**(21,999)**
Equity holders of the Parent		27,469	(23,300)
Non-controlling interests		306	1,300

CONSOLIDATED STATEMENT OF CASH FLOWS

(in thousands of Euro)	NOTES	For the year ended	
		31 December 2022	31 December 2021
Net result from continuing operations for the year		**27,499**	**(20,985)**
Income taxes for the year		3,750	17,743
Profit before taxes		**31,249**	**(3,242)**
Profit (loss) from discontinued operations		*0*	*16*
Capital gains (losses) from disposal on equity investments		*0*	*(16)*
Amortization, depreciation, write-downs and (write-backs) of assets		41,912	41,477
Accrual (reversal) of provisions for risks and charges		13,505	5,471
Employee termination indemnity provision		1,645	739
Payments of employee termination indemnity		(1,976)	(2,002)
Utilization of provisions		(2,999)	(2,537)
Share of net profit of associates, net of dividends collected		356	388
Financial charges (income) for the year		39,919	68,202
Operating cash flows before movements in Working Capital		**123,610**	**108,496**
Decrease (increase) of inventories		645	3,041
Decrease (increase) of trade receivables and advances to suppliers		(96,670)	(14,964)
Decrease (increase) of other current assets		(35,152)	1,699
Increase (decrease) in trade payables		74,437	329
Increase (decrease) of other current liabilities		1,563	(15,681)
Change in Working Capital		**(55,177)**	**(25,577)**
Net interests received (paid) in the year		(30,308)	(53,625)
Income taxes paid in the year		(7,830)	(13,401)
Net cash flow from operating activities		**30,295**	**15,893**
(Purchase of intangible assets, net of sales)	6	(4,586)	(4,110)
(Purchase of property, plant and equipment)	4 - 5	(53,331)	(30,813)
Proceeds from sale of property, plant and equipment	4 - 5	1,219	1,080
(Acquisition) of investments		(507)	2,633
Decrease (increase) of financial assets		(7,446)	(6,336)

(in thousands of Euro)	NOTES	For the year ended	
		31 December 2022	31 December 2021
Financial effects of business combinations	3	(12,793)	(3,764)
Net cash flow from (used in) investing activities		**(77,445)**	**(41,309)**
Lease payments	17	(8,711)	(7,533)
Opening of medium- and long-term borrowings	17	0	370,000
Repayment of medium- and long-term borrowings	17	(266)	(334,203)
Net opening (repayment) of short-term bank credit lines	17	9,153	(2,734)
Other net changes in borrowings	17	33,227	12,674
Dividends distributed		(918)	(293)
(Purchase) /sale of subsidiaries' minority shareholdings		(655)	(1,968)
Differences arising from translation of financial statements in foreign currency		(110)	(1,527)
Net cash flow from / (used in) financing activities		**31,720**	**34,415**
Change in cash and cash equivalents		**(15,430)**	**9,000**
Cash and cash equivalents at the beginning of the year		99,512	90,464
Change in cash and cash equivalents		(15,430)	9,000
Translation differences on cash and cash equivalents		161	48
Cash and cash equivalents at the end of the year		**84,243**	**99,512**
Details of cash and cash equivalents:			
Cash and bank current accounts		84,243	99,512
TOTAL CASH AND CASH EQUIVALENTS		**84,243**	**99,512**

SUPPLEMENTARY INFORMATION

(in thousands of Euro)	For the year ended	
	31 December 2022	31 December 2021
Interest paid	(33,076)	(54,677)
Interest received	2,768	1,051
Dividends paid	(918)	(293)
Dividends received	481	497

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

	Share Capital	Reserves	Retained Earnings	Net Result of the period	Equity attributable to Equity holders of the Parent	Equity attributable to non-controlling interests	Total shareholders' equity
1 January 2022	**109,150**	**11,510**	**(51,326)**	**(22,588)**	**46,746**	**4,588**	**51,334**
Allocation of prior year result		1,102	(23,690)	22,588	**0**		**0**
Distribution of dividends					**0**	(40)	**(40)**
Currency appreciation due to hyperinflation		613			**613**	589	**1,201**
Business combinations “under common control”		(6,866)			**(6,866)**		**(6,866)**
Acquisition/sale of minority interests in subsidiaries			(1,099)		**(1,099)**	654	**(446)**
Total comprehensive income (loss) for the period		338		27,131	**27,469**	306	**27,775**
31 December 2022	**109,150**	**6,695**	**(76,115)**	**27,131**	**66,862**	**6,096**	**72,958**

	Share Capital	Reserves	Retained Earnings	Net Result of the year	Equity attributable to Equity holders of the Parent	Equity attributable to non-controlling interests	Total shareholders' equity
1 January 2021	**109,150**	**13,054**	**30,286**	**(83,154)**	**69,337**	**3,199**	**72,536**
Allocation of prior year result		(834)	(81,612)	83,154	**708**	(708)	**0**
Distribution of dividends					**0**	(1,171)	**(1,171)**
Acquisition/sale of minority interests in subsidiaries					**0**	1,968	**1,968**
Total comprehensive income (loss)		(710)		(22,588)	**(23,298)**	1,300	**(21,998)**
31 December 2021	**109,150**	**11,510**	**(51,326)**	**(22,588)**	**46,746**	**4,588**	**51,334**

EXPLANATORY NOTES

1. GENERAL INFORMATION

The publication of the Consolidated Financial Statements of the Rekeep Group for the year ended 31 December 2022 was authorized by resolution of the Board of Directors of 23 March 2023.

As at 31 December 2022 the share capital of Parent Company Rekeep S.p.A. was wholly held by the sole shareholder MSC Società di Partecipazione tra Lavoratori S.p.A., which also carries out Management and Coordination Activities.

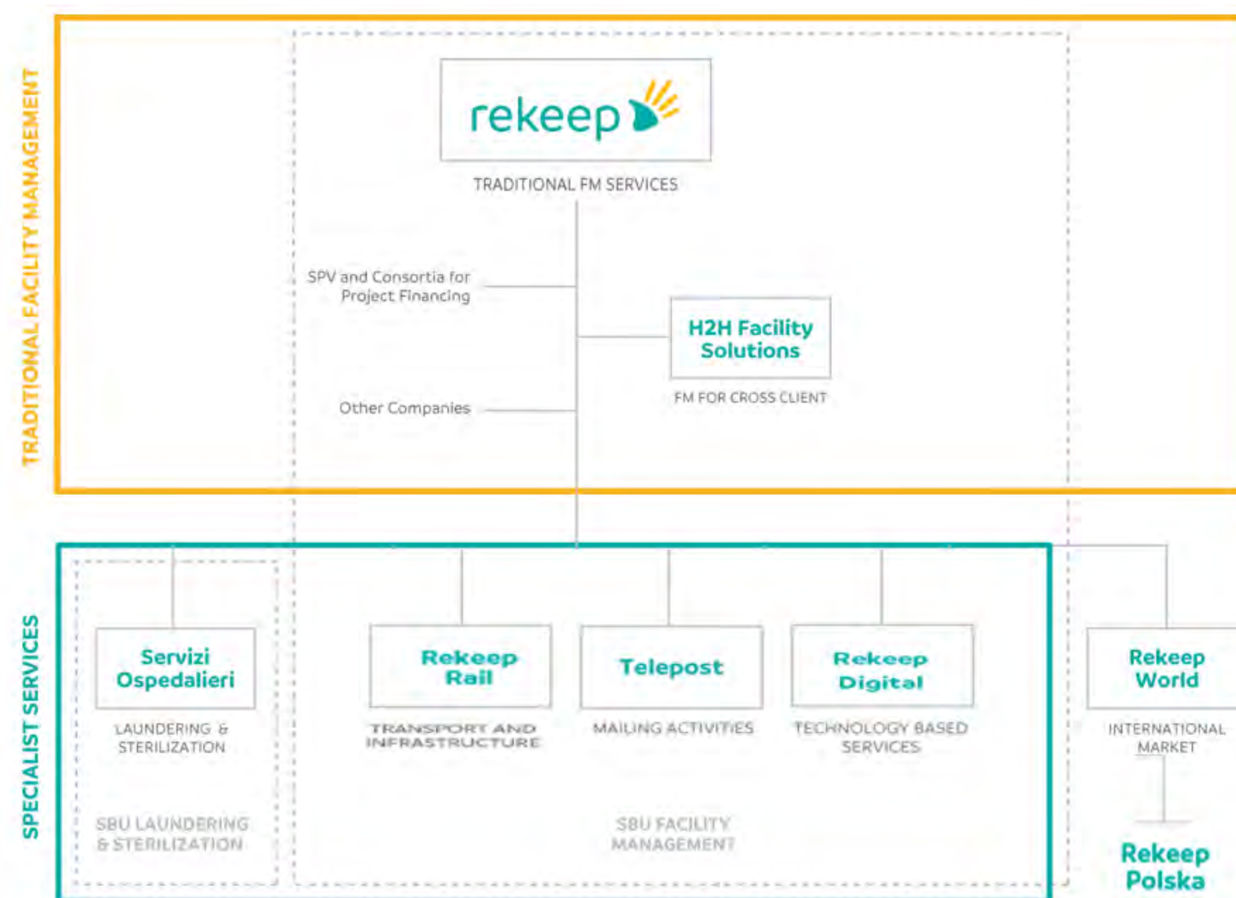
Manutencoop Società Cooperativa transformed its legal form from a cooperative company to a joint-stock company, and, in this context, changed its company name to MSC Società di Partecipazione tra Lavoratori S.p.A. (hereinafter also referred to as "MSC"), with effect from 1 February 2022. The parent company retains full continuity of its own legal relationships. Moreover, the shares representing the entire share capital of the cooperative company, which were already held by its shareholders, were proportionally converted into shares of the transformed company with equal par value.

1.1 The business

The Group is active in the management and provision of integrated services to public and private customers, targeted at properties, the area and to support (so-called "Integrated Facility Management") health care activities. In particular, the Rekeep Group provides a wide and coordinated range of integrated services, aimed at rationalizing and improving the quality of the non-strategic and auxiliary activities of major private groups, public authorities and health care facilities.

At present the Rekeep Group is structured into a single operating holding company which combines so-called "traditional" facility management production resources with those related to supporting the whole Group's business. As early as from the previous financial years a strategy has been pursued by the central holding functions to diversify operations, also through a series of company acquisitions, with some "specialist" facility management services beside the historical core business (hygiene services, green spaces and technical and maintenance services), in addition to linen rental and industrial laundering services and surgical instrument sterilization at healthcare facilities and high technology 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., which has already been operating for a few years in France and Turkey through its subsidiaries; as from 2019 it also started operations in Saudi Arabia through the establishment of a subsidiary, and in Poland, following the acquisition of Rekeep Polska S.A., a local leading company in the field of facility management in the healthcare sector, which is the parent of the group with the same name.

Therefore, the Group now operates through specific companies for each sector:



The Facility management segment offers a collection of logistic and organizational support services targeted at users of properties and aimed at optimizing the management of property-related activities.

The so-called "traditional" Facility management services provided by the Rekeep Group include the following activities:

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

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

The so-called Technical Services encompass the management, operation and maintenance services of property-related systems (including heating and air conditioning systems, electrical systems, fire prevention and safety systems), including therein:

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

A third type of activities attributable to the Facility management service rendered by the Group is the so-called Landscaping, i.e. a service for the maintenance of green spaces, which includes both the planning and implementation of maintenance of properties' green areas, and services for the area.

Property management also includes energy management activities, i.e. technical design, construction and operation of cogeneration plants and operation and maintenance of the same plants to provide customers with energy efficiency solutions.

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

The Group, through a series of acquisitions, has also expanded its range of services providing certain specialist Facility Management services alongside its "traditional" Facility management services, through business combinations or by reorganizing specific business areas. In particular it operates in the sector of:

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

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

- collection and distribution of linen in the individual departments;
- management of the linen rooms in the health care facilities;
- supply of disposable items and kits;

- rental of linen with special materials for operating rooms;
- acceptance, treatment, sterilization and redelivery of surgical instruments;
- rental of surgical instruments;
- creation and management of sterilization systems.

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

2. ACCOUNTING STANDARDS AND BASIS OF PRESENTATION

The consolidated Financial Statements at 31 December 2022 comprise the Consolidated Statement of financial position, the Consolidated Statement of profit or loss, the Consolidated Statement of other comprehensive income, the Consolidated Statement of Cash flows, the Consolidated Statement of changes in Shareholders' Equity and the related Explanatory Notes.

The balance sheet and income statement values reported in the Statements, the Statement of Cash Flow and the Explanatory Notes are compared with those at 31 December 2021. The consolidated Financial Statements at 31 December 2022 were prepared on a historical cost basis, except for the financial instruments that have been measured at fair value.

After assessing any possible uncertainties surrounding the Group's ability to continue as a going concern, including financial risks described in note 35 and other market risks associated with the proceedings in progress described in notes 15 and 18, the directors decided to prepare the Consolidated Financial Statements on a going-concern basis.

The Consolidated Statement of Financial Position sets forth assets and liabilities distinguishing between current and non-current. The Statement of profit or loss classifies costs by nature, while the consolidated Statement of other comprehensive income sets forth the result for the period added with income and expenses that, in accordance with IFRS, are directly recognized in

consolidated Shareholders' Equity. The Statement of Cash flows has been prepared on the basis of the indirect method and presented in accordance with IAS 7, distinguishing between cash flow from operating, investing and financing activities.

The Financial Statements at 31 December 2022 have been presented in Euro, which is the Group's functional currency. All values showed in the statements and in the explanatory notes are in thousands of Euro, unless otherwise stated.

2.1. Statement of compliance with international accounting standards (IFRS)

The Consolidated Financial Statements at 31 December 2022 have been prepared in accordance with the International Financial Reporting Standards ("IFRS"). The Rekeep Group is subject to Letter f) of Article 2 under the Italian Legislative Decree no. 38 of 28 February 2005, which rules the exercise of the options provided for by the Article 5 of Regulation (EC) 1606/2002 about the International Financial Reporting Standards and, therefore, pursuant to Article 3, paragraph 2, and Article 4, paragraph 5, of the aforesaid Italian Legislative Decree, the Parent Company has applied the IFRS as adopted by the European Union in the preparation of its consolidated and separate Financial Statements as from the year ended 31 December 2005.

2.2. Changes in accounting standards and disclosures

The criteria adopted for the preparation of the consolidated Financial Statements are consistent with those used to prepare the consolidated Financial Statements of the previous year, with the exception of the standards and interpretations which are newly issued and applicable from 1 January 2022, in addition to the amendments to standards already in force, as detailed below.

The Group did not provide for the early adoption of any standard, interpretation or improvement issued but still not obligatorily in force.

New or revised IFRS, amendments and interpretations applied from 1 January 2022

The following IFRS accounting standards, amendments and interpretations were applied by the Group for the first time as from 1 January 2022.

On 14 May 2020 the IASB published the following amendments:

- *Amendments to IFRS 3 Business Combinations – "Reference to the Conceptual Framework"*: these are aimed at updating the reference to the Conceptual Framework in the revised version under IFRS 3, without this entailing amendments to the provisions of the standard;
- *Amendments to IAS 16 Property, Plant and Equipment – "Property, Plant and Equipment: Proceeds before Intended Use":* the amendments are intended to not allow the deduction, from the cost of tangible assets, concerning the amount received from the sale of goods produced in the testing phase of the business itself. These revenues from sales and related costs will therefore be recognized through profit or loss;

- Amendments to IAS 37 Provisions, Contingent Liabilities and Contingent Assets - “Onerous Contracts – Costs of Fulfilling a Contract”: the amendment clarifies that any and all costs that are directly attributable to the contract are to be considered in estimating whether a contract is onerous. Accordingly, the assessment includes incremental costs (such as, for example, the cost of direct materials used in the work), as well as all the costs an entity cannot avoid because it has entered into the contract (such as, for example, the depreciation of the machinery used in fulfilling the contract);
- Annual Improvements to IFRS Standards 2018–2020, which include the following amendments: (i) Amendments to IFRS 1 “First-time Adoption of International Financial Reporting Standards – Subsidiary as a first-time adopter”; this amendment allows a subsidiary to account for cumulative translation differences of foreign currency transactions by using the amounts reported in the consolidated financial statements of the parent company, considering the date of transition to IFRS on the part of the parent company. This amendment shall also apply to associates or joint ventures; (ii) Amendment to IFRS 9 “Financial Instruments – Fees in the ’10 per cent’ Test for Derecognition of Financial Liabilities”: the amendment clarifies that the fees an entity must consider for the purposes of the 10% test (to establish whether there is a substantial change in the conditions of a financial liability) are only fees paid or received between the borrower and the lender, including on behalf of others. An entity applies this amendment to financial liabilities that are modified or exchanged after the date of the first financial period in which the entity applies the amendment for the first time; (iii) IAS 41 Agriculture: the amendment removes the requirement that must be met for an entity to exclude cash flows for taxation when measuring the fair value of assets; (iv) IFRS 16 Leases, Illustrative Example.

All amendments became effective from 1 January 2022 and their adoption did not entail any significant effect on the Group’s consolidated financial statements.

New or revised IFRS, amendments and interpretations endorsed by the European Union, which are not yet mandatorily applicable and not early adopted by the Group

The IFRS accounting standards, amendments and interpretations endorsed by the European Union but not yet applied by the Group at 31 December 2022 are reported below:

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

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

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

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

The main features of the General Model are:

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

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

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

The standard shall apply from 1 January 2023, with early adoption permitted, only for entities that apply IFRS 9 - Financial Instruments and IFRS 15 - Revenue from Contracts with Customers. The directors do not expect any material effect on the Group's Consolidated Financial Statements from the adoption of this standard.

› On 9 December 2021, the IASB also published "*Amendments to IFRS 17 Insurance contracts: Initial Application of IFRS 17 and IFRS 9 – Comparative Information*". The amendment is a transition option relating to comparative information on financial assets presented at the date of first-time adoption of IFRS 17, which is aimed at avoiding temporary accounting mismatches between financial assets and liabilities of insurance contracts, and thus improving the usefulness of comparative information for readers of financial statements. The amendments shall apply from 1 January 2023, together with the application of IFRS 17. The directors do not expect any material effect on the Group's Consolidated Financial Statements from the adoption of this amendment.

› On 12 February 2021 the IASB published two amendments, i.e. "Disclosure of Accounting Policies - Amendments to IAS 1 Presentation of financial statements and IFRS Practice Statement 2" and "Definition of Accounting Estimates - Amendments to IAS 8 Accounting Policies, Change in Accounting Estimates and Errors". The amendments are aimed at improving disclosures on accounting policies so as to provide more useful information to investors and other primary users of financial statements, as well as to help companies distinguish changes in accounting estimates from changes in accounting policies.

The amendments shall apply from 1 January 2023, with early adoption permitted. The directors do not expect any material effect on the Group's Consolidated Financial Statements from the adoption of these amendments.

- On 7 May 2021 the IASB published "*Amendments to IAS 12 Income Taxes: Deferred Tax related to Assets and Liabilities arising from a Single Transaction*". The document clarifies the method by which deferred taxes should be accounted for on certain transactions that can generate assets and liabilities for an equal amount, such as leases and decommissioning obligations. The amendments shall apply from 1 January 2023, with early adoption permitted. The directors do not expect any material effect on the Group's Consolidated Financial Statements from the adoption of this amendment.

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

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

- Amendments to IAS 1 Presentation of financial statements: (i) on 23 January 2020 the IASB published "Amendments to IAS 1 Presentation of Financial Statements: Classification of Liabilities as Current or Non-current"; (ii) on 31 October 2022 the IASB published "Amendments to IAS 1 Presentation of Financial Statements: Non-Current Liabilities with Covenants"; (iii) on 15 July 2020 the IASB published "Amendments to IAS 1 Presentation of Financial Statements: Classification of Liabilities as Current or Non-current – Deferral of Effective date". The documents are aimed at clarifying how to classify debts and other short- or long-term liabilities. The amendments will become effective from 1 January 2024, with early adoption permitted. The directors do not expect any material effect on the Group's consolidated financial statements from the adoption of this amendment.
- On 22 September 2022 the IASB published "*Amendments to IFRS 16 Leases: Lease Liability in a Sale and Leaseback*". The document requires the seller-lessee to measure the lease liability arising from a sale and leaseback transaction so as not to recognize any income or loss that relates to the retained right of use. The amendments will become effective from 1 January 2024, with early adoption permitted. The directors do not expect any material effect on the Group's Consolidated Financial Statements from the adoption of this amendment.
- On 30 January 2014 the IASB published the accounting standard "IFRS 14 – *Regulatory Deferral Accounts*", which only allows first-time adopters of IFRS to continue to recognize amounts relating to Rate-Regulated Activities according to the previous accounting standards adopted. The endorsement process of the standard has not yet been started. This standard is not applicable since the Group is not a first-time adopter.

2.3. Discretionary assessments and significant accounting assumptions

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

Discretionary assessments

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

Uncertainty of estimates

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

Impairment test

Goodwill is subject to impairment test at least annually, or more frequently if there is an indication of potential impairment in the carrying amounts. This requires an estimate of the value in use of the CGU (cash-generating unit) to which the goodwill isallocated, in turn based on an estimate of expected cash flows from the CGU and their discounting on the basis of a suitable discount rate. At 31 December 2022 the carrying amount of Goodwill was equal to € 404,935 thousand (€ 404,706 thousand compared to 31 December 2021). See note 7 for details.

Recognition of revenues and costs from contracts with customers

The Group uses the percentage of completion method to account for activities on long-term contracts for the building and improvement of properties or technological plants for which it does construction work. The margins recognized in profit and loss depend both on the progress of the works and the margins on the entire work when completed; therefore if work in progress and margins on work not yet completed are to be recognized correctly, the Directors must make correct estimates of the costs of completion, possible increases in cost, delays, extra costs and penalties which could reduce the expected margin. The use of the percentage of completion method requires the Group to estimate the costs of completion, which entails the adoption of assumptions depending on factors which could change in time and could therefore have a substantial impact on current estimates. Should actual costs be different from estimated costs, this change will impact on the results for future periods.

Provisions for risks and charges and Allowance for doubtful accounts

Provisions representing the risk of negative outcomes of business issues have been set aside. The value of the provisions recognized in the accounts in relation to these risks is the best estimate made by the Directors at that date. Write-downs of trade receivables were recognized in an adjusting provision against failure to collect debts from clients. The value of the provisions recognized in the accounts in relation to these risks is the best estimate made by the Directors at that date. The estimates entail

the adoption of assumptions depending on factors which could change in time and could therefore have a substantial impact on the Directors’ current estimates used to prepare the Group’s Consolidated Financial Statements.

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

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

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

The cost of defined-benefit pension plans and of any other post-employment medical benefit, as well as the present value of the defined-benefit liability, are determined on the basis of actuarial assumptions. Actuarial assessments require various assumptions to be made which can differ from actual developments in the future. These assumptions also include the calculation of the discount rate, future pay rises, the mortality rate and future increases in pensions. Owing to the complexity of the assessment and its long-term nature, these estimates are extremely sensitive to changes in assumptions. All the assumptions are reviewed on an annual basis. See note 14 for details.

Deferred tax assets and likelihood of these being reversed in the future

Deferred tax assets are recognized to the extent that there is a likelihood of there being sufficient future taxable profit for the losses to be utilized. This means that the management must make a strong commitment to working out a correct estimate of the amount of tax assets which can be recognized on the basis of the level of future taxable profit, the timing of the receipt of the profits and tax planning strategies.

Other items of financial statements

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

Consolidation principles

The Consolidated Financial Statements include the financial statements of Rekeep S.p.A. (“the ‘Parent Company””, “Rekeep S.p.A.” or “Rekeep”) and its subsidiaries, prepared as at 31 December 2022. The financial statements of subsidiaries have been prepared by adopting for each closing date the same accounting standards as those applied for the parent company.

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

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

Joint-ventures with other shareholders and associates are accounted for under equity method. Changes in the Group's shareholding in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

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

Conversion of financial statements of foreign companies

The financial statements are presented in Euro, the Group’s functional currency. Statements of financial position and income statements stated in foreign currency are converted to Euro using the year-end exchange rates for the items of the Statement of Financial Position and average exchange rates for items in the Income Statement. Differences arising from the conversion of opening shareholders’ equity at year-end exchange rates are charged to the currency conversion reserve, together with the difference arising from the conversion of the result for the period at average exchange rate with respect to year-end exchange rates.

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

Finally, the possible presence of hyperinflationary economies is taken into account in order to assess the need to apply the provisions of IAS 29 - *Financial Reporting in Hyperinflationary Economies*. This standard does not establish an absolute rate at

which hyperinflation is deemed to arise. The need to restate the values in the financial statements, as required by the standard, must be evaluated. Among the situations that indicate the existence of hyperinflation are:

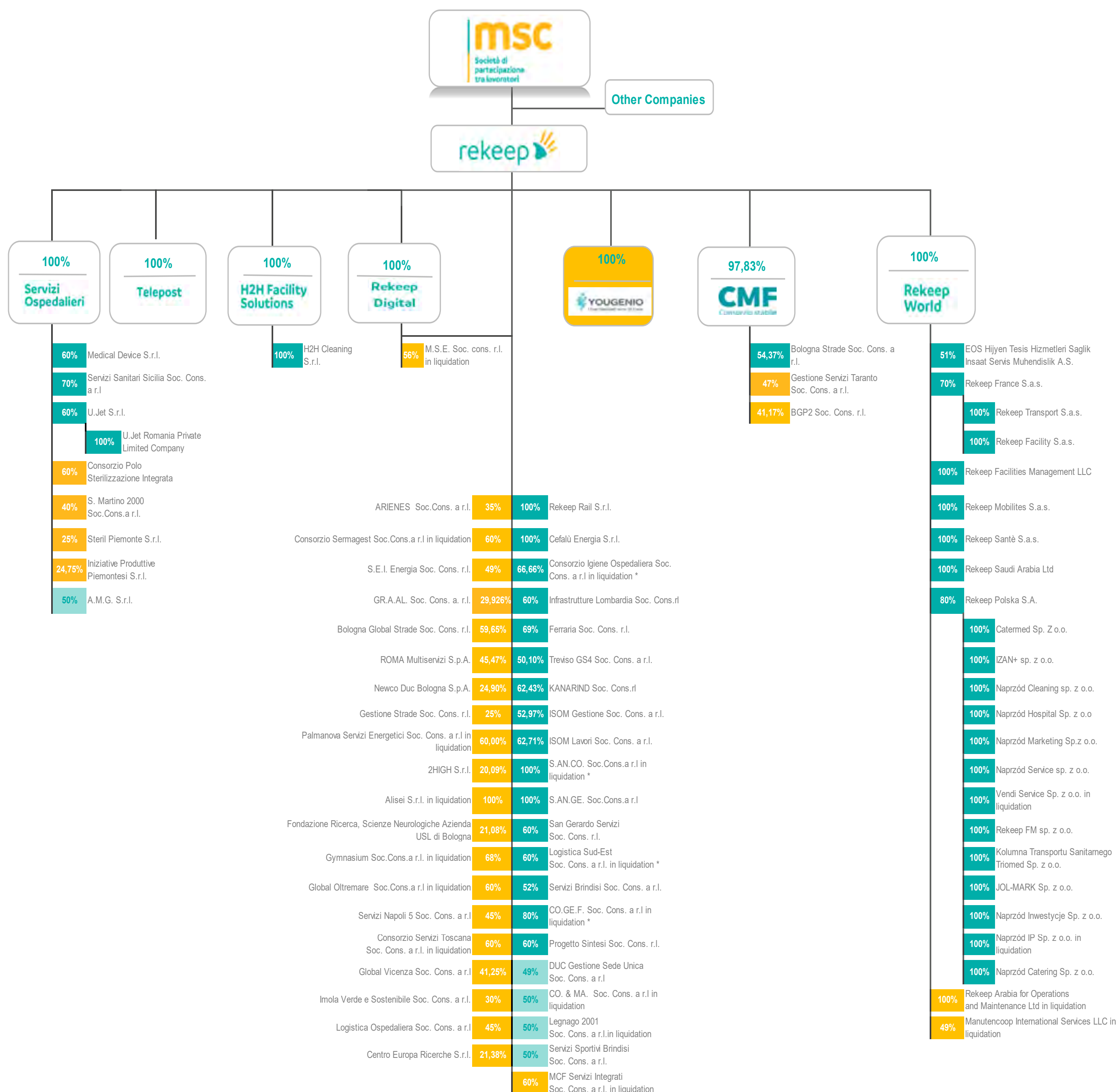
- the general population prefers to keep its wealth in non-monetary assets or in a relatively stable foreign currency. Amounts of local currency held are immediately invested to maintain purchasing power;
- the general population regards monetary amounts not in terms of the local currency but in terms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

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

Currency	Exchange rate at 31 December 2022	Average exchange rate for the year ended 31 December 2022	Exchange rate at 31 December 2021	Average exchange rate for the year ended 31 December 2021
United Arab Emirates Dirham (AED) – United Arab Emirates	3.9233	3.7416	N/A	N/A
Romanian Leu (RON) – Romania	4.9400	4.9313	4.9490	4.9380
Turkish Lira (TRY) – Turkey	20.0039	20.0039	15.2335	10.5124
Qatar Riyal (QAR)– Qatar	3.8886	3.8331	4.1227	4.3052
Saudi Arabia Riyal (SAR) – Saudi Arabia	4.0061	3.9489	4.2473	4.4353
Zloty (PLN) – Poland	4.6813	4.6861	4.5969	4.5652

The financial statements of the Turkish consolidated companies have been prepared by taking account of the application of IAS 29 in view of the cumulative Turkish inflation rate for the past three years, which is more than 100%. Therefore, in the consolidated financial statements at 31 December 2022 the accounts of consolidated companies applying the Turkish lira as the local currency have been prepared in order to report operating results and the statement of financial position at purchasing power prevailing at the end of the reporting period. Accordingly, all items from the financial statements of Turkish companies have been translated by using the exchange rate as at the reporting date of the consolidated financial statements.

Scope of consolidation at 31 December 2022 is shown below.



Legend:

- Associates and other companies consolidated for under the equity methoddel patrimonio netto
- Joint Ventures consolidated for under the equity method
- Subsidiaries consolidated on a line-by-line basis

Notes:

* In liquidation starting from January, 1st 2023

During the 2022 financial year note the following events:

- the change of name of Vendi Servis IP sp. z o.o., indirectly controlled through Rekeep Polska S.A., to Rekeep FM sp. z.o.o.;
- the winding-up of Servizi Taranto Soc. Cons. a r.l. with effect from 1 January 2022, which, therefore, changed its name to Servizi Taranto Soc. Cons. a r.l. in liquidation;
- the winding-up of Palmanova Servizi Energetici Soc. Cons. a r.l. with effect from 2 March 2022, which, therefore, changed its name to Palmanova Servizi Energetici Soc. Cons. a r.l. in liquidation;
- on 26 May 2022 Progetto Sintesi Soc. Cons. a r.l. was established, which is 60% owned by Rekeep S.p.A. and Servizi Ospedalieri S.p.A.;
- on 6 June 2022 Rekeep Facilities Management LLC was established, which is wholly owned by Rekeep World S.r.l. and is based in Dubai (United Arab Emirates);
- on 27 July 2022 there was the acquisition of the residual minority interest of S.an.ge. Soc. Cons. a r.l., which was already 89% owned by Rekeep S.p.A;
- the winding-up of MSE Soc. Cons. a r.l. with effect from 29 August 2022, which, therefore, changed its name to MSE Soc. Cons. a r.l. in liquidation;
- on 9 November 2022 there was the sale to a Group company managed by the minority shareholder of the total share in the subsidiary Rekeep United Yönetim Hizmetleri A.Ş., previously owned by subsidiary Rekeep World S.r.l. for 50.98% of the share capital.

2.4. Summary of the main accounting policies

Property, plant and equipment

Property, plant and equipment are recognized at historical cost, net of the associated accumulated depreciation and accumulated impairment losses. This cost includes the costs for the replacement of part of the plant and equipment at the moment they are incurred if they conform to the recognition criteria.

Depreciation is calculated on a straight line basis in line with the estimated useful life of the asset, starting from the date the asset becomes available for use, until the date it is sold or disposed of. The carrying amount of property, plant and equipment is subject to impairment test when events or changes suggest that the carrying amount may not be recoverable. A tangible asset is derecognized from the financial statements at the moment of sale or when no future economic benefits are expected from its use or disposal. Any profits or losses (calculated as the difference between net proceeds from the sale and the carrying amount) are included in the income statement in the year of the aforementioned derecognition. The residual value of the asset, useful life and method applied are reviewed annually and adjusted, if necessary, at the end of each financial year.

The useful life of the various classes of tangible assets is estimated as shown below:

	Useful life
Plant and equipment, maintenance and landscaping	11 years
Plant and equipment, maintenance and construction of properties	From 6.5 to 10 years
Telephone systems	4 years
Properties	33 years
Equipment for cleaning/landscaping activities	6.5 years
Equipment for technological system management	3 years
Equipment for building construction and maintenance	2.5 years
Other industrial and commercial equipment	10 years
Laundry equipment	8 years
Linen	From 2.5 to 4 years
Vehicles	From 4 to 5 years
Office furniture and equipment	From 5 to 8 years
Leasehold improvements (including under plant and equipment)	< between useful life and lease term

The item property, plant and equipment in the statement of financial position includes not only property, plant and equipment in the strictest sense, but also machinery, motor vehicles, office machines and furniture.

Financial costs arising from the purchase are charged to the income statement except in the case in which they are directly attributable to the acquisition, construction or production of an asset which justifies their capitalization (qualifying asset), in which case they are capitalized. A qualifying asset is an asset that requires a certain period to be ready for use.

The capitalization of financial costs substantially ceases when all the activities needed to make the qualifying asset ready for use have been completed.

Extraordinary maintenance expenses are only included in the carrying amount of the asset when the company is likely to receive the associated economic benefits in the future and the cost can be reliably measured. The costs of repairs, maintenance or other operations to ensure the functioning of the assets are charged to the income statement in the year in which they are incurred.

Leasehold improvements are classified, on the basis of the nature of the cost incurred, under property, plant and equipment when they meet the capitalization criteria set forth by IAS 16. The period for depreciation corresponds to the lower of the residual useful life of the tangible asset and the residual lease term.

Business combinations

Business combinations are recognized according to the acquisition method. Under this method, the consideration transferred in a business combination is measured at fair value, calculated as the sum of the fair values of the assets transferred and liabilities assumed by the Company at the acquisition date and the equity instruments issued in exchange for control over the acquiree. Additional transaction costs are generally recognized through profit or loss when they are incurred.

At the acquisition date, the identifiable assets acquired and liabilities assumed are recognized at fair value applicable on the acquisition date, except for the following items that are instead measured in accordance with their relevant standard:

- Deferred tax assets and liabilities;
- Assets and liabilities for employee benefits;
- Liabilities or equity instruments relating to payments based on the acquiree’s shares or share-based payments relating to the Company, issued to replace the acquiree’s contracts;
- Assets held for sale and Discontinued Operations.

Goodwill is determined as the excess of the sum of the consideration transferred in the business combination, the value of the shareholders' equity attributable to non-controlling interests and the fair value of any previously-held equity interest in the acquiree compared to the acquisition-date fair value of the net assets acquired and liabilities assumed. If the acquisition-date value of the net assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the value of shareholders' equity attributable to non-controlling interests and the fair value of any previously-held equity interest in the acquiree, this excess is immediately recognized in the income statement as a profit arising from the transaction that has been completed.

Any consideration subject to the conditions set out in the business combination agreement is measured at acquisition-date fair value and included in the value of the consideration transferred in the business combination for the purpose of determining goodwill. Any subsequent fair value changes, which can be qualified as adjustments arising during the measurement period, are included in the goodwill on a retrospective basis. Fair value changes that can be described as adjustments arising in the measurement period are those that arise from more information about facts and circumstances that existed at the acquisition date, obtained during the period of measurement (which may not exceed 1-year period after the business combination).

In the event of business combinations that occurred in stages, the equity interest previously held by the Company in the acquiree is remeasured at fair value at the date control is acquired and any resulting gain or loss is recognized in the income statement. Any values arising from the previously-held equity interest recognized in Other Comprehensive Income or Losses are reclassified in the income statement as if the investment had been sold.

If the initial values of a business combination are incomplete on the reporting date when the business combination took place, the Company reports in its financial statements the provisional values of the items for which recognition cannot be completed. These provisional values are adjusted in the measurement period in order to take account of new information gathered on facts and circumstances existing at the acquisition date which, if known, would have affected the value of assets and liabilities recognized at that date.

Goodwill

Goodwill arising in a business combination, is initially valued at cost, represented by the excess of the cost of the business combination with respect to the share pertaining to the Group in the net fair value relating to the identifiable values of assets and liabilities acquired and contingent liabilities. After the initial recognition, goodwill is valued at cost less any accumulated impairment losses. Goodwill is subject to an analysis of fairness on an annual basis, or more frequently if events or changes are identified which may give rise to impairment losses.

For the purposes of this analysis of fairness, goodwill is allocated, from the date of acquisition, when the allocation is possible without arbitrariness, to each of the cash-generating units of the Group which believe that they will benefit from the synergies of the acquisition, irrespective of the allocation of other assets or liabilities to said units. Each unit to which goodwill is allocated:

- represents the lowest level, within the Group, at which goodwill is monitored for internal management purposes; and
- is not larger than the segments identified on the basis of either the primary of secondary presentation layout as regards disclosures on the Group's operating segments, based on IFRS 8 - Operating Segments.

Impairment is determined as the difference between the recoverable value of the cash-generating unit (or group of units) to which goodwill is allocated ("impairment test") and the book value of goodwill allocated thereto.

When the recoverable value of the cash-generating unit (or group of units) is lower than the carrying amount, an impairment loss is recognized. The value of goodwill previously written down cannot be restored.

Other intangible assets

Intangible assets acquired separately are initially capitalized at cost, while those acquired through business combinations of companies not subject to joint control are capitalized at fair value on the date of acquisition. After initial recognition, intangible assets are recorded at cost net of amortization and accumulated impairment losses.

The useful life of the intangible assets is finite or indefinite. Intangible assets with a finite useful life are amortized over their useful life and subject to fairness tests whenever there is evidence of potential impairment losses. The period of amortization and method applied thereto are reviewed at the end of each financial year or more frequently if necessary. Changes in the expected useful life or the methods with which the future economic benefits of the intangible asset are achieved by the Group are recorded by modifying the period or method of amortization, and treated as changes in the accounting estimates. The amortization charges of intangible assets with a finite useful life are recorded in the income statement under the cost item of "amortization, depreciation, impairment losses and write-backs of assets".

The Group did not record any intangible assets with an indefinite useful life, with the exception of goodwill.

The principles the Group applied for intangible assets are summarized below:

	Concessions, licenses, trademarks and similar rights	Other intangible assets
Breakdown of composition	Software and Trademarks	Contractual customers relations
Useful Life	Finite	Finite
Method used	Amortization on a straight line basis over the shortest time span between: > legal term of the right > expected financial period of use	Amortization in proportion to consumption of related backlog
Produced internally or purchased	Purchased	Acquired in business combination
Impairment tests / tests on recoverable value	Yearly or more frequently when there is evidence of impairment	Yearly or more frequently when there is evidence of impairment

Profits or losses arising from the disposal of an intangible asset are measured as the difference between the net sales revenue and the carrying amount of the asset, and are recognized in the income statement at the moment of disposal.

Equity investments in joint ventures and associates

According to the equity method, the equity investment is recognized in the balance sheet at cost increased by changes, after the acquisition, in the Group's share of the investee's net assets. Goodwill relating to the associate is included in the carrying amount of the equity investment and not subject to amortization. Following application of the equity method, the Group determines whether it is necessary to recognize any additional impairment losses with reference to the Group's net equity investment in the

investee. The income statement reflects the Group's share of the investee's result for the year. In the event in which the investee recognizes adjustments directly in shareholders' equity, the Group recognizes its share, and presents this, where applicable, in the statement of changes in shareholders' equity.

In the majority of cases, the end of the investees' financial year is the same as that of the Group. Where this does not occur, in most cases, the investees prepare accounting statements at the reporting date of the Group's financial year. The accounting standards used conform to those used by the Group.

Impairment of assets

At the reporting date of the financial statements, the Group assesses whether there is any evidence of impairment of assets. In this case, or in the event an annual impairment test is required, the Group prepares an estimate of the recoverable value. The recoverable value is the higher of the fair value of an asset or cash-generating unit, net of selling costs and its value in use and is determined for each individual asset, except when said asset does not generate cash flows that are largely independent from those generated by other assets or groups of assets. If the carrying amount of an asset is higher than its recoverable value, said asset has been impaired and is subsequently written down to its recoverable value. In calculating the value in use, the Group discounts estimated future cash flows at the present value by using a pre-tax discount rate which reflects the market valuations on the time value of money and the specific risks of the asset. Impairment losses of operating assets are recognized in the income statement under 'amortization, depreciation, impairment losses and write-backs of assets'.

At each reporting date, the Group also assesses whether there is any evidence that the impairment losses recorded previously no longer exist (or have fallen) and, if said evidence exists, estimates the recoverable value. The value of an asset previously written down may only be restored if there have been changes to the estimates used to calculate the recoverable value of the asset following the latest recognition of an impairment loss. In said case, the carrying amount of the asset is adjusted at the recoverable value, without, however, the increased value exceeding the carrying amount that would have been determined, net of amortization, if no impairment loss had been recognized in the preceding years. Any write-back is recognized as income in the income statement, in the same category in which the write-down was recorded, except where the asset is recognized in a revalued amount, in which case the write-back is treated as a revaluation. After a write-back has been recognized, the amortization charge of the asset is adjusted in future periods, in order to break down the modified carrying amount, net of any residual values, on a straight line basis over the residual useful life.

Financial assets

IFRS 9 makes provision for the following types of financial instruments:

- financial assets at amortized cost, i.e. trade receivables and debt instruments characterized by contractual cash flows at defined maturities, represented solely by the repayment of principal and the payment of interest, as well as by a business model that envisages holding them for the sole purpose of receiving such flows;

- financial assets at fair value through OCI (FVTOCI), which include equity instruments that are not held for sale, for which, upon initial recognition, an irrevocable option was exercised for the recognition of fair value changes in a specific equity reserve, as well as debt instruments characterized by contractual cash flows, represented solely by the repayment of principal and the payment of interest, as well as by a business model that is aimed at the sale of these instruments;
- financial assets at fair value through profit or loss (FVTPL), a category which includes the financial assets for which the conditions for recognition at amortized cost are not fulfilled, as well as equity instruments for which the irrevocable option of recognition at FVTOCI has not been exercised, and debt instruments characterized by contractual cash flows and by a business model that does not allow their recognition in the previous categories.

All financial assets are initially recognized at fair value, increased, in the event of assets other than those at fair value through profit or loss, by additional charges. Following the initial recognition, the Group determines the classification of its financial assets and, where appropriate and permitted, reviews said classification at the closing date of each financial year.

The accounting policies applied by the Group are the following:

Financial assets at amortized cost

Financial assets accounted for at amortized cost are measured using the effective discount rate method. Profits or losses are recognized through profit or loss when financial assets are derecognized from the accounts or when impairment losses occur, as well as through the amortization process.

Financial assets at fair value through OCI

Financial assets at fair value through OCI (FVTOCI) are measured at fair value and profits or losses must be recognized in a separate equity item.

For the year ended, however, as in the previous year, the Group only classifies investments of lower than 20% in this category of assets, which are valued at cost when it can be regarded as a representation of fair value. In particular, consortium companies and consortia, which are not listed on regulated markets and whose objective is to regulate relations as part of temporary business combines established for the operational purposes of management of some service contracts, are valued at cost, represented by the portion of subscribed share capital.

Inventories

Inventories are valued at the lower of cost and net presumed realizable value.

The costs incurred to deliver each asset to its current location and for warehousing are recognized as follows:

Raw materials (excluding fuel)	Purchase cost based on the weighted average cost method
Fuel inventories	Purchase cost based on the weighted average cost method

The net presumed realizable value of raw materials is represented by the replacement cost.

Trade receivables and other receivables

Trade receivables, which generally have contractual maturities of between 30-90 days, are recognized at nominal value, stated in the invoice, net of the provisions for bad debts. This allocation is made in the presence of objective evidence that the Group will not be able to collect the receivable. Uncollectible receivables are written down when they are identified. Receivables and payables in a foreign currency other than the functional currency of the individual entities are adjusted at the year-end exchange rates.

Contract assets on plan construction orders

A job order is a contract specifically stipulated for the construction of an asset on the instructions of a customer, who defines its design and technical features on a preliminary basis.

Job order revenues include the considerations initially agreed with the customer, in addition to the changes to the job order and price variations set out in the contract which can be determined reliably.

When the result of the job order can be determined reliably, the job orders are valued on the basis of the percentage of completion method. The progress status is determined by making reference to the costs of the job order incurred up to the balance sheet date as a percentage of total estimated costs for each job order. The percentage of completion determined in this manner is then applied to the contract price in order to determine the value of contract assets, classified under “Trade receivables". When the costs of the job order are likely to exceed total revenues, the expected loss is recognized immediately as a provision. Should the amount of the contract price already invoiced exceed the estimated value of contract assets, it must be recognized as a payable for the portion exceeding the value of the same and, as such, must be classified under "Contract liabilities".

Cash and cash equivalents

Cash and cash equivalents and short-term deposits in the statement of financial position include cash at hand and sight and short-term deposits, in the latter case with an original maturity of no more than three months.

Loans

All loans are initially recognized at the fair value of the consideration received net of additional charges involved in raising the loan. After initial recognition, loans are valued according to the amortized cost criterion using the effective interest rate method.

All profits or losses are recognized in the income statement when the liability is extinguished, as well as through the amortization process.

Derecognition of financial assets and liabilities

Financial Assets

A financial asset (or, where applicable, part of a financial asset or parts of a group of similar financial assets) is derecognized from the accounts when:

- the contractual rights over cash flows arising from financial assets have expired ;
- the Group has transferred the financial asset (transferring the right to receive cash flows from the asset or retaining the right to receive these but assuming the contractual obligation to pay them in full and without delay to a third party) and has transferred substantially all risks and rewards of ownership of the financial asset.

If, as a result of the transfer, a financial asset is derecognized in full, but the result is that the Group obtains a new financial asset or assumes a new financial liability, the Group recognizes the new financial asset, financial liability or liability originating from service at fair value.

Financial Liabilities

A financial liability is derecognized from the accounts when the obligation underlying the liability is discharged, cancelled or fulfilled. In cases where an existing financial liability is replaced by another of the same provider, under essentially different conditions, or the conditions of an existing liability are essentially modified, said exchange or modification is treated as derecognition of the original liability and the recognition of a new liability, and any differences in the carrying amounts are booked to the income statement.

Impairment of financial assets

At the reporting date, the Group assesses whether a financial asset or group of financial assets has incurred any impairment loss.

Assets valued according to the amortized cost criterion

If there is an objective evidence that a loan or a receivable carried at amortized cost has suffered an impairment loss, the amount of the loss is measured as the difference between the carrying amount of the asset and the present value of estimated future cash flows (excluding future credit losses still not incurred) discounted at the original effective interest rate of the financial asset (i.e. effective interest rate calculated at the initial recognition date). The carrying amount of the asset will be reduced both directly and through the use of a provision. The amount of the loss will be recognized through profit or loss.

The Group firstly assesses whether there is any objective evidence of an impairment loss at individual level, for financial assets that are significant on an individual basis, and therefore at individual or collective level for financial assets that are not significant on an individual basis. In the absence of any objective evidence of impairment of a financial asset that is valued individually, whether it is significant or not, said asset is included in a group of financial assets with similar credit risk characteristics and said group is subject to impairment test in a collective fashion, by determining the forecast insolvency rate, i.e. the loss rate (Probability of default "PD") for the amount of expected losses (Loss Given Default "LGD") calculated taking account of elements of forward looking, thus also reporting and representing incurred losses. The assets valued at individual level and for which an impairment loss is recognized or continues to be recognized, will not be included in a collective valuation.

If, in a subsequent financial year, the size of the impairment loss falls and said reduction can be related objectively to an event which occurred after the recognition of the impairment loss, the previously reduced value can be written back. Any subsequent write-backs are recognized through profit or loss to the extent the carrying amount does not exceed the amortized cost at the write-back date.

Assets recognized at cost

If there is objective evidence of an impairment of an unlisted equity instrument which is not recognized at fair value since it cannot be measured reliably, or of a derivative instrument which is linked to said equity instrument and has to be settled through the delivery of said instrument, the amount of the impairment loss is measured by the difference between the carrying amount of the asset and the present value of expected future cash flows and discounted at the current market rate of return for a similar financial asset.

Financial assets at fair value through OCI

In the case of an impairment of a financial asset at fair value through OCI, a transfer from shareholders' equity is effected of a value equal to the difference between its cost (net of the repayment of capital and amortization) and its present fair value. Write-backs of instruments classified in this category are also recognized in a specific equity reserve.

Provisions for risks and charges

Accruals to provisions for risks and charges are made when the Group has to fulfill a current obligation (legal or implicit) resulting from a past event, resources are likely to be sacrificed to meet said obligation and its amount can be estimated reliably.

When the Group believes that an accrual to the provision for risks and charges will be partially or fully reimbursed, e.g. in the event of risks covered by insurance policies, the compensation is recognized separately under assets if and only if it is virtually certain. In said case, a cost is stated through profit or loss which is the cost of the associated related accrual, net of the amount recognized for the compensation.

If the effect of discounting the value of money is significant, accruals are discounted using a pre-tax discount rate which reflects, where appropriate, the specific risks of the liabilities. When discounting is carried out, the increase in the provision due to the passing of time is recognized as a financial cost.

Provision for employee termination benefits

Liabilities in the form of employee termination benefits are only recognized when the Group is demonstrably committed to: (a) terminate the employment of an employee or group of employees before the normal retirement date; or (b) provide termination benefits as a result of an offer made in order to encourage voluntary resignation for redundancy purposes. The Group is demonstrably committed to terminate employment only when it has a detailed formal plan for the dismissal (termination of employment) and is without realistic possibility of withdrawal from the plan.

Employee benefits

Italian legislation (art. 2120 of the Civil Code) requires that, on the date of termination of their employment with the company, each employee receives compensation known as ESI (Employee Severance Indemnity). Calculation of this indemnity is based on certain items that form the annual employee remuneration for each year of employment (re-valued as necessary) and on the length of service. According to statutory Italian legislation, said indemnity is reported in the financial statements according to a calculation method based on the indemnity accrued by each employee at the balance sheet date, in the assumption that all employees terminate their employment at said date.

The IFRIC issued by the IASB tackled the issue of Italian ESI and concluded that, in application of IAS 19, it falls within the scope of “defined benefit” plans, as regards post-employment benefits and, as such, must be calculated using the Projected Unit Credit Method (PUCM), in which the amount of liabilities in the form of acquired benefits must reflect the expected date of termination and must be discounted.

Following the 2007 reform of national legislation which governs, for Companies with more than 50 employees, ESI accruing from 1 January 2007, it is established as a “defined contribution” plan, whose payments are accounted for directly in the income statement, as a cost, when recognized. ESI accrued up until 31 December 2006 remains a defined benefit plan, without future contributions.

The Group accounts for actuarial gains or losses arising from the application of the aforementioned method (PUCM) in an appropriate equity reserve according to the provisions of IAS 19 pars. 120 and 128.

The actuarial valuation of the liability was entrusted to an independent actuary.

The Group has no other significant defined benefit pension plans.

Leases

According to IFRS16 a lease is an agreement that grants the right to use an asset ("the underlying asset") for a certain period of time against the payment of a consideration. At the inception of the contract the entity must assess whether the contract is, or contains, a lease. The contract is, or contains, a lease if it gives the entity the right to control the use of a specified asset for a period of time in exchange for consideration. An entity must reassess whether a contract is, or contains, a lease only if the terms and conditions of the contract are amended.

For a contract that is, or contains, a lease, the entity must account for each lease component as a lease separately from non-lease components. For contracts that contain a lease component and one or more lease and non-lease components, the lessor must allocate the consideration under the contract by applying IFRS15.

Lease agreements, including operating leases, give rise to a lease liability and are measured by the lessor at the effective date, at the fair value of the leased asset or, if lower, at the present value of lease payments outstanding at that date. Lease payments must be discounted back by using the interest rate implicit in the lease if it is determinable reliably. If it is not possible, the lessee must use its marginal borrowing rate. The underlying asset, which consists of the Right Of Use (ROU), must be recognized among assets against an entry for this liability, in addition to additional costs, amounts paid on the spot, advances and maxi-installments of lease payments (if any). After the effective date, the lessee must measure the asset consisting of the right of use by applying the cost model, unless the fair value model or the revaluation model is applied. Group companies do not apply such alternative models. Capitalized leased assets are amortized over the estimated useful life of the asset and the lease term, whichever is the shorter, if there is no reasonable certainty that the ownership of the asset will be obtained at the end of the contract. Lease payments are split between the portions of principal and interest so as to obtain the application of a constant interest rate on the residual debt balance. Financial costs are charged directly to the income statement.

Finally, the Group has adopted some exceptions allowed by the accounting standard, excluding any lease with a term of less than 12 months, as well as any lease and hire of low value (less than € 5,000) from the related scope of application. Furthermore, the Group has exercised its right to not review whether a contract is, or contains, a lease on the date of first-time adoption (IFRS16.C3).

In fact, as regards the lessor, the accounting method of lease and long-term hire agreements is substantially unchanged with respect to the provisions laid down under the previous IAS17.

Revenue recognition

Revenues are recognized to the extent in which it is likely that economic benefits can be achieved by the Group and the associated amount can be determined reliably. The following specific revenue recognition criteria must be complied with before revenues are charged to the income statement:

Provision of services

The main types of service provided by the Group, separately or jointly as part of Integrated Services, are:

- operation and maintenance of properties and plants, often associated with the provision of heat (energy service);
- cleaning and environmental hygiene services;
- landscaping;
- project management services;
- design services;
- linen rental and industrial laundering and sterilization services.

Revenues are recognized on the basis of the progress of the services underway at the balance sheet date, measured as a percentage with reference to the different variables depending on the services provided and the contracts stipulated with the customer (square meters, hours, costs incurred, hospital days).

The provisions of services, which are still not completed at the reporting date, constitute contract assets and are classified under trade receivables.

Revenues billed at the balance sheet date, which exceed the amount accrued on the basis of the progress status of the service, are suspended under contract liabilities, and classified under trade payables. The considerations, also as part of multi-service contracts, are, as a rule, defined separately by service type and the amount of revenues to be attributed to the individual services is quantified at fair value.

When the outcome of a services transaction cannot be measured reliably, revenues are only recognized to the extent it is believed that the costs incurred can be recovered.

Plant construction activities

The Group recognizes the revenues arising from building contracts on the basis of the percentage of completion of the job order, measured as a percentage of the costs incurred with respect to the total estimated costs for completing the work. When the outcome of a job order cannot be measured reliably, revenues are only recognized to the extent it is believed that the costs incurred can be recovered.

Sales of assets

The revenue is recognized when the company has transferred all significant risks and rewards related to ownership of the asset to the purchaser.

Interest

Interest is recognized as financial income following the verification of interest income accrued (carried out using the effective interest rate method which is the rate that accurately discounts expected future cash flows based on the expected life of the financial instrument at the net carrying amount of the financial asset).

Dividends

Revenues are recognized when the right of shareholders to receive the payment arises.

Government grants

Government grants are recognized when it is reasonably certain they will be received and all inherent conditions are met. When grants are related to cost components, they are recognized as revenues, but are systematically split over the financial years so they are commensurate with the costs they intend to compensate. In the event the grant is related to an asset, the fair value is deducted from the carrying amount of the asset to which it is related and the release to the income statement occurs progressively over the expected useful life of the asset on a straight line basis, through the systematic reduction of the associated amortization charges.

Income taxes

Current taxes

Current tax assets and liabilities for the year are valued by applying estimate criteria to determine the amount accrued in the financial year which is expected to be recovered or paid to the tax authorities. The rates and tax legislation used to calculate the amount are those issued at the balance sheet date.

Deferred taxes

Deferred taxes are calculated on the temporary differences arising at the balance sheet date between the tax values taken as a reference for assets and liabilities and the values stated in the financial statements.

Deferred tax liabilities are recognized against all temporary taxable differences, except for:

- deferred tax liabilities arise from the initial recognition of goodwill or of an asset or liability in a transaction which is not a business combination and which, at the time of the transaction, does not have any effect on the profit for the year calculated for financial statement purposes or the profit or loss calculated for tax purposes;
- taxable temporary differences associated with equity investments in subsidiaries, associates and joint ventures, in the event in which the reversal of the temporary differences can be controlled and is not likely to occur in the foreseeable future.

Deferred tax assets are recognized against all deductible temporary differences and for tax assets and liabilities carried forward, to the extent it is possible that there will be adequate future tax profits that make the use of temporary deductible differences and tax assets and liabilities carried forward applicable, except in the case in which:

- deferred tax assets connected to deductible temporary differences arise from the initial recognition of an assets or liability in a transaction which is not a business combination and which, at the time of the transaction, does not have any effect on the profit for the year calculated for financial statement purposes or the profit or loss calculated for tax purposes;
- with reference to taxable temporary differences associated with equity investments in subsidiaries, associated and joint ventures, deferred tax assets are recognized only to the extent in which it is likely that the deductible temporary differences will be reversed in the immediate future and that sufficient tax profits will be generated against which the temporary differences can be used.

The value of deferred tax assets to be recognized in the financial statements is reviewed at each reporting date of the financial statements and reduced to the extent it is no longer likely that sufficient tax profits will be available in the future to permit all or part of said receivable to be used. Unrecognized deferred tax assets are reviewed annually at the reporting date of the financial statements and are recognized to the extent it has become likely that the tax profit is sufficient to allow said deferred tax assets to be recovered.

Deferred tax assets and liabilities are measured on the basis of the tax rates that are expected to be applied in the year in which said assets are sold or said liabilities are extinguished, considering the rates in force and those already issued or substantially issued at the balance sheet date.

Income taxes relating to items recorded directly in equity are charged directly to equity and not to the income statement.

Deferred tax assets and liabilities are offset, if there is a legal right to offset the current tax assets with current tax liabilities and the deferred taxes refer to the same tax entity and the same tax authorities.

VAT

Revenues, costs and assets are recognized net of VAT, with the exception of the case in which said tax applied to the purchase of goods or services is non-deductible, in which case it is recognized as part of the purchase cost of the asset or part of the specific cost item recognized through profit or loss. Trade receivables and payables for which an invoice has already been issued or received are carried inclusive of tax.

The net amount of indirect taxes on sales and purchases that can be recovered from or paid to the tax authorities is included in the financial statements under other receivables or payables depending on the accounting sign.

Service concession arrangements

The Group is the holder of concession agreements in which certain companies manage activities in the public interest, provided that the grantor (i) controls/regulates, by determining the price, which public services must be offered by the concessionary companies through the infrastructures that the concessionary company obtains under management or constructs and (ii) maintains, through ownership or by other means, the authorization granted and any other interest in the infrastructures upon expiry of the concession agreement.

The concessionary company shall not carry infrastructure under tangible assets as it does not hold "control", as set forth in IFRIC 12. The asset to be recognized is the right to use the infrastructure for providing the service, to be classified as a financial asset in the presence of an unconditional right to receive future compensation regardless of actual use of the infrastructure and as an intangible asset in the presence of a right to exploit the infrastructure itself in financial terms, charging users based on use of the service received. Provision is also made for a "mixed" accounting model if the concessionary company is the holder of both a financial asset and an intangible right, where it is necessary to separate the component of remuneration as provided for under the agreement relating to the financial asset, determining the amount of the intangible asset as a secondary activity (with respect to the value of the construction services provided).

The concessionary company also recognizes revenues for the services it provides, in compliance with IFRS15, and, therefore, the consideration envisaged in the agreement must be allocated with reference to the fair value of the associated services provided (construction, improvements and management respectively). Pursuant to IAS 23, financial costs attributable to the agreement must be recognized as costs in the financial year in which they are incurred, unless the concession holder has recognized an intangible asset, for which said costs are capitalized during the phase of drafting of the agreement. Otherwise, if the concession holder has recognized a financial asset, IAS 39 requires financial income calculated on the basis of the effective interest method to be recognized in the income statement.

Earnings per share

Basic earnings per share are calculated by dividing the net profit for the year attributable to the Parent Company's ordinary shareholders by the weighted average number of outstanding ordinary shares during the year.

Diluted earnings per share are calculated by dividing the net profit attributable to the Parent Company's ordinary shareholders by the weighted average number of outstanding ordinary shares during the year.

The Parent Company presents voluntary disclosures on earnings per share, with reference solely to consolidated data.

Operating segments

An operating segment is made up of a clearly identifiable group of assets and operations which provides a collection of related products and services, subject to risks and rewards other than those of other Group business sectors. For operational purposes, the Group is structured into business areas that coincide with the “strategic business units” (SBU) in which the Group operates.

No operating segments were combined for the purpose of determining the operating segments subject to disclosure obligations.

The Group’s Management look at the results achieved by the individual Strategic Business Units separately, for the purpose of making decisions regarding the allocation of resources and performance monitoring. The segment performance is assessed on the basis of the EBIT. The Group’s financial management (including loan costs and revenues) and income taxes are managed at Group level and are not allocated to operating segments.

Methods of calculation of costs allocated to segments

The Group includes direct and indirect production costs relating to the business sector in the costs attributed to the segments. Starting from the consolidated financial statements for the year ended 31 December 2007, it was deemed appropriate to also allocate to the segment commercial costs and other general overheads on the basis of the appropriate conventional allocation drivers. By contrast, any income and costs generated by financial management and current and deferred taxes remain unallocated to the segments, while income from equity investments valued at equity is attributed to the segments.

Method of calculation of assets and liabilities allocated to segments

The assets and liabilities have been attributed to the various segments in accordance with the method used for income statement items.

Changes in accounting estimates and errors

Some elements in the financial statements cannot be measured accurately and are therefore the objects of estimates which depend on future uncertain circumstances governing the conduct of the entity’s business. Over time these estimates will be revised to take account of the data and information that subsequently become available. The effect of a change in accounting estimates in the financial year in which it has occurred must be recognized prospectively and included in the income statement of that period and in future periods if the change also affects these. Prospective recognition of the effects of the changed estimate means that the change is applied to transactions that take place from the time that the estimate is changed. Accounting estimates are reviewed or changed if new information comes to hand or if there are new developments in operations and. for these reasons, these do not constitute corrections of errors.

Prior period errors are omissions from, and misstatements in, an entity’s financial statements for one or more prior periods arising from a failure to use, or a misuse of, reliable information that was available when the financial statements for those periods were

authorized for issue, and could reasonably have been expected to have been obtained and used in the preparation and presentation of these financial statements. Such errors include the effects of mathematical mistakes, mistakes in applying accounting standards, oversights or misinterpretation of facts and fraud. Financial statements do not comply with IFRSs if they contain either material errors or immaterial errors made intentionally to achieve a particular presentation of an entity's statement of financial position, financial performance or cash flows. Potential current period errors discovered in that period must be corrected before the financial statements are authorized for issue. Errors recognized in subsequent periods must be corrected in the comparative information presented in the financial statements for that subsequent period if they are material errors and the correction is deemed feasible, restating the opening balances of assets, liabilities and equity for that period ("Restatement").

Restatement is not applied if errors are recognized prospectively should the errors and omissions are considered immaterial. Omissions or misstatements of items are material if they could, individually or collectively, influence the economic decisions that the users make on the basis of the financial statements. Materiality depends on the size and nature of the omission or misstatement judged in the surrounding circumstances.

3. BUSINESS COMBINATIONS

3.1. Acquisition of "Personnel Activities" business unit

On 30 June 2022 the Parent Company Rekeep S.p.A. signed the deed of acquisition from its parent company MSC Società di Partecipazione tra Lavoratori S.p.A. of a "Personnel Activities" business unit concerning a unitarily organized set of legal relationships, assets, persons and activities for the provision of specialist consulting services on personnel management, administration, recruitment and selection, personnel placement consulting and intermediation in payroll processing, in addition to the organized group of people including Rekeep's top management and heads of functions.

The transfer of the business unit became effective from 1 July 2022 for a total amount of € 13,750 thousand, in line with the business unit's economic value that emerges from the expert's report prepared on the relevant position as at 31 March 2022, subject to an adjustment calculated on the final value of the business unit at the date of transfer (1 July 2022).

Within this transaction, Rekeep will proceed with the insourcing of the know-how and skills belonging to its executives, as well as the activities and competencies pertaining to the area of Human Resources (HR), which until now MSC had put at the service of Rekeep, thus also achieving savings linked to the intermediation costs that have been paid to MSC for the work performed until now.

Accounting effects of the acquisition

In accounting terms, the transaction is carried out between parties subject to common control ("Transaction Under Common Control"), as both companies belong to the same Group controlled by MSC S.p.A.. Therefore, the transaction is excluded from the scope of application of IFRS 3, while the "Preliminary Guidelines on IFRS" issued by Assirevi (Italian Association of Auditors) are ultimately applicable, and, specifically, OPI Preliminary Guideline no. 1R - "*Accounting treatment of BCUCCs in separate and consolidated financial statements*" -, which, as regards "transactions that do not have a significant influence on the future cash flows of the net assets transferred" within the Group, i.e. for which the economic substance of the transaction understood as the generation of added value for all the parties involved, as in this case, is not evident, considers the principle of continuity of values to be applicable. As a result of the accounting treatment adopted, the difference emerging between the book value of the business unit at the date of transfer and the price paid to the transferor on the basis of the appraisal value of the business unit itself has been recorded in the separate financial statements of Rekeep S.p.A. in a negative equity reserve for a total value of € 6,866 thousand (a gross amount of € 9,523 thousand, net of the tax effect for deferred tax assets generated by the different accounting and tax treatment of the transaction, amounting to € 2,657 thousand).

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

	Recognized value	**Book value**
ASSETS		
NON-CURRENT ASSETS		
Other non-current assets	41	41
TOTAL NON-CURRENT ASSETS	**41**	**41**
CURRENT ASSETS		
Trade receivables and advances to suppliers	5,765	5,765
Other current assets	1	1
TOTAL CURRENT ASSETS	**5,766**	**5,766**
TOTAL ASSETS	**5,808**	**5,808**
LIABILITIES		
NON-CURRENT LIABILITIES		
Employee termination indemnity	597	597
TOTAL NON-CURRENT LIABILITIES	**597**	**597**
CURRENT LIABILITIES		

	Recognized value	Book value
Other current liabilities	984	984
TOTAL CURRENT LIABILITIES	**984**	**984**
TOTAL LIABILITIES	**1,581**	**1,581**
FAIR VALUE OF NET ASSETS	**4,227**	**4,227**
EQUITY RESERVE OF THE BUYER FROM BUSINESS COMBINATION	**9,523**	
Total cost of business combination:		
Consideration paid to the transferor	13,750	
TOTAL COST OF BUSINESS COMBINATION	**13,750**	
Net cash of acquisition:		
Price paid to the transferor	11,800	
Additional costs for the contribution	304	
NET CASH OF ACQUISITION	**12,104**	

The fair value of assets and liabilities acquired through the business combination was positive and set at € 4,227 thousand, while the overall cost of the business combination was equal to € 13,750 thousand (of which an amount of € 11,800 thousand was already paid at 31 December 2022 and the remaining amount of € 1,950 thousand was recognized among financial liabilities), including additional costs of € 304 thousand. The net cash used in the period amounted to € 12,104 thousand.

4. PROPERTY, PLANT AND EQUIPMENT

The table below shows the changes in the company-owned property, plant and equipment in the financial year ended 31 December 2022.

	Property	Plant and equipment	Total
At 1 January 2022, net of accumulated depreciation and impairment	**18,243**	**68,132**	**86,375**
Additions from acquisitions	1,917	32,791	34,708
Impairment losses	0	(128)	(128)
Disposals	(14)	(958)	(972)
Depreciation for the year	(945)	(22,986)	(23,931)
Others	85	(2,888)	(2,803)
At 31 December 2022	**19,286**	**73,963**	**93,249**
At 1 January 2022			
Historical cost	23,633	446,619	470,252
Accumulated depreciation and impairment losses	(5,390)	(378,487)	(383,877)
NET BOOK VALUE	**18,243**	**68,132**	**86,375**
At 31 December 2022			
Historical cost	25,621	475,564	501,185
Accumulated depreciation and impairment losses	(6,335)	(401,601)	(407,936)
NET BOOK VALUE	**19,286**	**73,963**	**93,249**

The additions from acquisitions which took place in the financial year mainly related to the linen in the *Laundering&Sterilization* segment for € 12,434 thousand and to the purchases of other machinery and specific equipment for € 20,357 thousand, of which an amount of € 5,354 thousand related to investments made by companies of the sub-group controlled by Rekeep Polska for the “centralized kitchen” project to support catering services. Disposals for the period amounted to € 972 thousand.

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

The table below shows the changes in the company-owned property, plant and equipment in the year ended 31 December 2021.

	Property	Plant and equipment	Total
At 1 January 2021, net of accumulated depreciation and impairment	**17,925**	**61,294**	**79,219**
Business combinations	399	3,628	4,027
Additions from acquisitions	227	28,370	28,597
Impairment losses		(76)	(76)
Disposals		(1,080)	(1,080)
Depreciation for the year	(952)	(21,728)	(22,680)
Others	644	(2,276)	(1,632)
At 31 December 2021	**18,243**	**68,132**	**86,375**
At 1 January 2021			
Historical cost	22,363	417,977	440,340
Accumulated depreciation and impairment losses	(4,438)	(356,683)	(361,121)
NET BOOK VALUE	**17,925**	**61,294**	**79,219**
At 31 December 2021			
Historical cost	23,633	446,619	470,252
Accumulated depreciation and impairment losses	(5,390)	(378,487)	(383,877)
NET BOOK VALUE	**18,243**	**68,132**	**86,375**

5. PROPERTY, PLANT AND EQUIPMENT UNDER LEASE

The table below shows the changes in property, plant and equipment under lease in the year ended 31 December 2022.

	Rights of use of properties	Rights of use of plant and machinery	Total
At 1 January 2022, net of accumulated depreciation and impairment	**29,299**	**14,291**	**43,590**
Additions from acquisitions	20,498	5,976	26,474
Decreases		(247)	(247)
Early termination	(8,080)	(792)	(8,872)
Depreciation for the period	(4,567)	(5,294)	(9,861)
Others	513	3,028	3,541
At 31 December 2022	**37,663**	**16,962**	**54,625**
At 1 January 2022			
Historical cost	56,407	46,428	102,834
Accumulated depreciation and impairment losses	(27,107)	(32,137)	(59,244)
NET BOOK VALUE	**29,299**	**14,291**	**43,590**
At 31 December 2022			
Historical cost	69,338	54,393	123,730
Accumulated depreciation and impairment losses	(31,674)	(37,431)	(69,105)
NET BOOK VALUE	**37,663**	**16,962**	**54,625**

Property, plant and equipment under leases reported changes during the year, which were due to depreciation for the year, as well as to the execution of new lease agreements for a total of € 26,474 thousand. Of these an amount of € 20,498 thousand related to the execution of new real estate and property lease agreements, including the execution of a property lease agreement on the part of subsidiary Medical Device S.r.l. for €1,137 thousand relating to a building previously held under lease, and the Parent Company Rekeep S.p.A.'s takeover in the property lease agreement relating to the registered office building, through the acquisition of the contract from the parent company MSC S.p.A. for a fair value of € 14,900 thousand, as per the expert's report prepared by CBRE. The building hosting the Parent Company's headquarters was previously held on lease by MSC itself; therefore, at the same time as the takeover transaction, Rekeep formalized the withdrawal from the lease agreement, thus resulting in the early extinguishment of the related right of use for a value of € 6,877 thousand.

Furthermore, there was the early termination of some lease and long-term hire agreements for € 1,995 thousand in 2022.

The new lease agreements and long-term hire of machinery, vehicles that make up the corporate fleets and equipment amounted to € 5,976 thousand and included linen rental agreements for € 1,495 thousand, which were signed by subsidiary Servizi Ospedalieri S.p.A..

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

The table below shows the changes in property, plant and equipment under lease in the year ended 31 December 2021.

	Rights of use of properties	Rights of use of plant and machinery	Total
At 1 January 2021, net of accumulated depreciation and impairment	**31,026**	**12,297**	**43,323**
Additions from business combinations	1,876		1,876
Additions from acquisitions	1,122	5,536	6,658
Early termination	(470)	(493)	(963)
Depreciation for the period	(4,080)	(4,688)	(8,768)
Others	(175)	1,639	1,464
At 31 December 2021	**29,299**	**14,291**	**43,590**
At 1 January 2021			-
Historical cost	54,054	39,746	93,800
Accumulated depreciation and impairment losses	(23,027)	(27,448)	(50,475)
NET BOOK VALUE	**31,026**	**12,297**	**43,323**
At 31 December 2021			-
Historical cost	56,407	46,428	102,835
Accumulated depreciation and impairment losses	(27,107)	(32,137)	(59,244)
NET BOOK VALUE	**29,299**	**14,291**	**43,590**

6. OTHER INTANGIBLE ASSETS

The table below shows the changes in intangible assets in the year ended 31 December 2022.

	Other intangible assets	Goodwill	Total
At 1 January 2022, net of accumulated amortization and impairment	**19,479**	**404,706**	**424,185**
Additions from business combinations		229	229
Additions from acquisitions	4,586		4,586
Amortization for the year	(5,789)		(5,789)
Others	12		12
At 31 December 2022	**18,287**	**404,935**	**423,223**
At 1 January 2022			
Historical Cost	129,853	407,023	536,877
Accumulated Amortization and impairment losses	(110,375)	(2,318)	(112,692)
NET BOOK VALUE	**19,479**	**404,706**	**424,185**
At 31 December 2022			
Historical Cost	134,451	407,252	541,703
Accumulated Amortization and impairment losses	(116,164)	(2,318)	(118,481)
NET BOOK VALUE	**18,287**	**404,935**	**423,223**

Goodwill is tested for impairment on an annual basis. The increase of € 229 thousand in goodwill, from € 404,706 thousand at 31 December 2021 to € 404,935 thousand at 31 December 2022, was linked to setting the final price of the business combination of U.Jet S.r.l., which was acquired on 1 June 2021. For more details, reference should be made to note 7 below.

Other intangible assets, amounting to € 18,287 thousand at 31 December 2022, mainly consist of investments in software carried out as part of the projects aimed at upgrading and enhancing the corporate information systems. Additions from acquisitions for the period (€ 4,586 thousand) are mainly attributable to the Parent Company Rekeep S.p.A. and are related to the implementation and upgrading of software platforms used by the Group.

The table below shows the changes in intangible assets in the year ended 31 December 2021:

	Other intangible assets	Goodwill	Total
At 1 January 2021, net of accumulated amortization and impairment	**21,653**	**402,562**	**424,215**
Additions from business combinations	7	2,144	2,151
Additions from acquisitions	4,110		4,110
Amortization for the year	(6,325)		(6,325)
Others	34		34
At 31 December 2021	**19,479**	**404,706**	**424,185**
At 1 January 2021			
Historical Cost	125,702	404,879	530,582
Accumulated Amortization and impairment losses	(104,050)	(2,318)	(106,367)
NET BOOK VALUE	**21,653**	**402,562**	**424,215**
At 31 December 2021			
Historical Cost	129,853	407,023	536,877
Accumulated Amortization and impairment losses	(110,375)	(2,318)	(112,692)
NET BOOK VALUE	**19,479**	**404,706**	**424,185**

7. IMPAIRMENT OF GOODWILL

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

SBU – Facility management

The SBU is identified with:

- Rekeep S.p.A.
- H2H Facility Solutions S.p.A.
- Telepost S.r.l., specialist in internal mailing services
- Rekeep Digital S.r.l., active in high-tech services to companies

- Rekeep World S.r.l. and its foreign subsidiaries, dedicated to international business development
- other minor investee companies operating in the same segment.

SBU – Laundering & Sterilization

The SBU is identified with:

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

The table below sets forth the carrying amounts of the goodwill recognized in the Consolidated Financial Statements as at 31 December 2022, broken down into the different CGUs.

	31 December 2022	31 December 2021
Goodwill allocated to Facility Management CGU	388,752	388,752
of which International markets	*34,514*	*34,514*
Goodwill allocated to Laundering & Sterilization CGU	16,183	15,954
CONSOLIDATED GOODWILL	**404,935**	**404,706**

The change in Goodwill in 2022 was mainly due to the completion of the analysis process on the business combination of U.Jet S.r.l. and its subsidiary U.Jet Romania Ltd. on the part of subsidiary Servizi Ospedalieri S.p.A.. In 2022, the fair value of the assets acquired, the liabilities assumed, and contingent liabilities was finally determined and the final purchase price was set. This resulted in the recognition of an additional portion of goodwill compared to that provisionally recognized in the previous year, amounting to € 229 thousand.

Facility management CGU Goodwill

The goodwill allocated to the Facility management CGU, which amounted to € 388,752 thousand at 31 December 2022, was recognized as a result of various business combinations from 2004 to date, the most important of which are listed below:

- Project ‘Palladio’, which took place on 29 December 2003, involved the Group acquiring control of the business unit relating to facility management technical services previously managed by the parent company Manutencoop Società Cooperativa (now MSC Società di Partecipazione tra Lavoratori S.p.A.);
- Acquisition of MCB S.p.A., a company through which the Group established the first facility management unit for “network” customers (banks, insurance companies, etc.). In 2010, MCB S.p.A. was merged by incorporation into MP Facility S.p.A. (nowH2H Facility Solutions S.p.A.);
- Acquisition of Teckal S.p.A., which was merged by incorporation into Manutencoop Facility Management S.p.A. (now Rekeep S.p.A.) in 2010, through which the Group strengthened the production structure of traditional facility management, in particular in the heat management service;
- Acquisition of Altair IFM S.p.A. (the most significant transaction to date), which enable the Group to gear the customer portfolio towards large private customers. In 2010 the larger companies in the Altair sub-group were merged by incorporation into Manutencoop Facility Management S.p.A (now Rekeep S.p.A.);
- Reverse merger of the Parent Company CMF S.p.A. by incorporation into the subsidiary Rekeep S.p.A. with statutory accounting and tax effects starting from 1 July 2018. The operation, defined as an "Operation Under Common Control" since it was carried out between parties subject to common control, gave rise to the recognition of a merger deficit in the assets up to the amount recorded in the Consolidated Financial Statements in which the companies involved in the merger participate, i.e. that of Manutencoop Società Cooperativa (now MSC Società di Partecipazione tra Lavoratori S.p.A.). The non-recognizable difference also gave rise to a negative equity reserve.

The Facility management SBU also includes the goodwill generated from two acquisitions carried out by Rekeep World S.r.l. in foreign markets:

- Acquisition of the majority stake of EOS Hijyen İşletmeciliği Tesis Hizmetleri Sağlık İnşaat Servis ve Mühendislik Anonim Şirketi (“EOS”, of which the Group already held a stake of 50%) on 28 February 2018. The Company is active in the linen rental and industrial laundering services and surgical instrument sterilization to support healthcare activities in Turkey, with a portfolio of orders already underway;
- Acquisition of Naprzód S.A. (now Rekeep Polska S.A.), controlling a group of other 15 companies operating in Poland in the provision of facility management services in the healthcare sector, catering and medical transportation services, including outsourcing services, ambulance hire, security in mass events and the transport of disabled people.

Laundering & Sterilization CGU Goodwill

The goodwill allocated to the Laundering & Sterilization CGU, which amounted to € 16,183 thousand, emerged as a result of the following acquisition:

- Acquisition during the 2003 financial period of a business unit dealing with the linen rental and industrial laundering and sterilization activities for public and private healthcare of LIS S.p.A., with contracts mainly located in the Marche Region;

- Acquisition during the 2006 financial period of a business unit dealing with the linen rental and industrial laundering and sterilization activities for public healthcare of Lidi Service S.p.A., the activity of which was carried out in Porto Garibaldi (province of Ferrara) plant;
- Acquisition of Omasa S.p.A. in 2007, a company operating in the market for the sterilization of surgical instruments and linen, as well as following further minor acquisition, all made by Servizi Ospedalieri S.p.A., a company operating in the linen rental and industrial laundering and sterilization market. Omasa S.p.A. was then merged by incorporation into Servizi Ospedalieri S.p.A. on 1 July 2009;
- On 3 July 2018, acquisition of Medical Device S.r.l., a trading company which has acquired over the years many certifications for the marketing of Class 3 medical devices, particularly critical for their intended use and requiring very complex certification procedures by Notified Bodies;
- On 1 June 2021 acquisition of U.Jet S.r.l., a trading company specializing in the production of non-woven fabric (TNT) devices mainly aimed at the healthcare market, as well as in the packaging and composition of disposable fabric surgical kits, which are also intended for the healthcare market.

Impairment Test

Pursuant to IAS 36, goodwill is not amortized, but is tested for any possible impairment on an annual basis, or more frequently, should specific events or circumstances arise which provide evidence of an impairment loss. The impairment test, prepared by the Management and presented to the Board of Directors at the time of the approval of the draft financial statements, was carried out through the comparison between the net book value and the recoverable value of the individual CGUs to which goodwill was allocated, determined on the basis of the discounting-back of expected future cash flows relating to the period from 2023 to 2027 and extrapolated from the Business Plan of the Rekeep Group.

The 2023-2027 Business plan used for the analysis described in these Explanatory Notes was approved by the Board of Directors of Rekeep S.p.A. for impairment test purposes only on 23 March 2023.

As from 2019, steps were taken, following the acquisition of the Rekeep Polska sub-group on the part of Rekeep World, to test separately the goodwill allocated to the Facility Management and Laundering & Sterilization CGUs, as well as that accounted for following this business combination, equal to € 32,485 thousand.

The estimated value in use of the Facility management, Laundering & Sterilization and Rekeep Polska was based on the following assumptions:

- The expected future cash flows, for the period from 2023 to 2027, extrapolated from the Business Plan, are derived from projected cash flows obtained through:

- ○ determination of the value of the forecast gross margins according to the projection of the backlog of existing service contracts, augmented by the assumptions of renewals and new portfolio acquisitions,
- ○ estimates of changes in Net Working Capital on the basis of the target days of stock rotation, the payment of amounts due and collection of receivables,
- ○ assumptions of investments consistent with the performance of forecast revenues in the various business sectors in which the Group operates,

- › A terminal value used to estimate future results beyond the time horizon expressly considered. The terminal value was determined by applying a NOPLAT equal to 2027 EBIT adjusted by the average expected depreciation and amortization and investments, net of a nominal tax rate. As regards long-term growth rates, an assumption of 1% was considered for all CGUs.
- › The expected future cash flows were discounted back at a discount rate (WACC) of 9.14% for the Facility Management CGU (2021: 7.95%), at a discount rate (WACC) of 6.97 % (2021: 7.11%) for the *Laundering&Sterilization* CGU and at a discount rate (WACC) of 13.03% for Rekeep Polska (2021: 8.95%). The WACC was determined by using the Capital Asset Pricing Model ("CAPM"), bywhich the risk-free rate was calculated with reference to the curve of the rates of return of Italian long-term governmentbonds, while the non-diversifiable systematic risk ratio (βeta) and the debt/equity ratio were extrapolated from the analysis of a group of comparable companies operating in the European facility management and laundering sector. In addition, in order to reflect the uncertainty of the current economy and the future market conditions, the cost of the equity component of the WACC rate was increased with a risk premium of 100 basis points for the Facility Management CGU and for Laundering&Sterilization CGU and 146 basis points in each financial period.

For all CGUs analyzed, the analysis confirmed that the recoverable value of the same exceeds the associated carrying amount, therefore not requiring any write-downs. On a prudential basis "Worst Cases" were outlined with reference to the WACC, the growth rates applied and a deterioration in operating cash flows compared to forecasts, both with reference to the plan time frame and with reference to the terminal value. However, in simulating nil or negative growth rates, also in combination with WACCs exceeding those applied by two percentage points (and, then, equal to 11.14% for Facility management CGU, 8.97% for Laundering & Sterilization CGU and 15.03% for Rekeep Polska, there would be no need to make write-downs in all CGUs, as the recoverable value would exceed the related book value).

8. INVESTMENTS ACCOUNTED FOR UNDER THE EQUITY METHOD

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

At 31 December 2022 the net-book value of investments valued at Equity reported a net amount of € 9,717 thousand, against a net amount of € 8,779 thousand in the previous year; these values are already stated net of a provision for risks covering future outlays that are expected to be incurred by the Group on behalf of the associate/joint venture, reclassified under liabilities in the balance sheet (for more details, see note 15).

	Net assets 31 December 2022	Net assets 31 December 2021
Investments accounted for under the equity method	10,121	9,153
Provision for risks on investments	(414)	(374)
INVESTMENTS ACCOUNTED FOR UNDER THE EQUITY METHOD	**9,717**	**8,779**

The breakdown of changes during the year is shown in Annex II attached to the Consolidated Financial Statements, to which reference should be made.

During 2022 investments accounted for under the equity method recorded income equal to € 703 thousand, for the share attributable to the Group, and positive effects were recognized directly in the Consolidated Equity to an overall amount of € 695 thousand.

Below are the main financial statements data relating to the major companies accounted for under equity method, as well as to the project financing companies owned by the Group. The data relate to the information contained in the most recent approved separate financial statements.

	% Ownership	Total Assets	Total Liabilities	Shareholders' Equity	Net financial position	Revenues	Profit (loss) for the year
Roma Multiservizi S.p.A.	45.47%	40,470	(34,386)	(6,084)	(2,846)	63,124	69
Project financing companies	<50%	56,245	(54,474)	(1,771)	(34,870)	12,446	388

Project financing companies are vehicles invested in by the Group companies in order to do work in the field of long-term project financing concessions.

9. OTHER NON-CURRENT ASSETS

The table below sets forth the breakdown of other non-current assets at 31 December 2022 and at 31 December 2021:

	31 December 2022	31 December 2021
Other investments	5,996	7,140
Non-current financial assets	24,202	4,702
Other non-current assets	3,104	3,232
OTHER NON-CURRENT ASSETS	**33,302**	**15,074**

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

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

Non-current financial assets, amounting to € 24,202 thousand at 31 December 2022 (€ 4,702 thousand at 31 December 2021), are composed of:

- € 1,493 thousand of non-current financial receivables due from associates, affiliates or joint-ventures (€ 1,501 thousand at 31 December 2021). The face value of these receivables is € 1,517 thousand, while the discounting fund amounts to € 24 thousand (€ 1,527 thousand and € 26 thousand at 31 December 2021, respectively). Some of these are non-

interest bearing since they were drawn down from each consortium partner and are thus discounted on the basis of their expected residual maturity, applying Eurirs as the reference interest rate, plus a spread;

- € 21,608 thousand of Non-current financial receivables from third parties (€ 3,100 thousand at 31 December 2021). The item includes amounts pledged on current accounts of Group companies s as collateral for the contracts for the supplies of gas for € 16,855 thousand and the balance of an escrow account of € 2,000 thousand; among others, the item includes the long-term portion, equal to € 2,357 thousand, of the deferred price relating to the sale of 95% of the quota capital of MFM Capital S.r.l. to 3i EOPF, which took place in December 2018 (unchanged compared to 31 December 2021);
- € 1,101 thousand of securities held to maturity (€ 101 thousand at 31 December 2021).

Furthermore, the item is made up of security deposits related to long-term manufacturing contracts for € 2,065 thousand (€ 2,083 thousand at 31 December 2021) and long-term deferrals relating to some contracts equal to 670 thousand (€ 818 thousand at 31 December 2021).

10. INVENTORIES

The Group recognized inventories of € 12,088 thousand at 31 December 2022, marking a decrease of € 655 thousand compared to the amount in the previous year.

	31 December 2022	31 December 2021
Inventories of raw materials, consumables and goods for resale	12,507	13,252
Provision for write-down of raw materials, finished products and goods for resale	(419)	(509)
INVENTORIES	**12,088**	**12,743**

The final inventory of raw materials is composed of materials and goods for resale present in the warehouses, while waiting to be used at work sites, valued at the average weighted purchase cost, goods for resale (mostly medical devices) stored in the warehouses of Medical Device S.r.l. and U.Jet S.r.l. and stocks of fuel in tanks belonging to integrated service customers. The change was mainly attributable to the inventories in medical devices and personal protective equipment (PPE) at the end of the year, specifically of Medical Device and U.Jet, as well as the provision for write-down of finished products, as determined by the comparison between the carrying amount of inventories and presumed realizable value at 31 December 2022.

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

The following table includes the breakdown of Trade receivables and advances to suppliers and Other current operating receivables at 31 December 2022 and 31 December 2021:

	31 December 2022	of which from related parties	31 December 2021	of which from related parties
Contract assets	33,161		32,177	
Trade receivables, gross	475,471		407,197	
Allowance for doubtful accounts	(19,598)		(18,546)	
Trade receivables due from third parties	**489,034**	**0**	**420,828**	**0**
Trade receivables from MSC	477	477	38	38
Trade receivables from Associates, Affiliates and Joint Ventures	41,632	41,632	16,785	16,785
Trade receivables from Group	**42,109**	**42,109**	**16,823**	**16,823**
Advances to suppliers	6,084		5,597	2
TRADE RECEIVABLES AND ADVANCES TO SUPPLIERS	**537,227**	**42,109**	**443,248**	**16,825**
Current tax assets within 12 months	35,908		10,984	
Other current assets due from third parties	18,174		8,636	
Due from social security institutions	1,316		990	
Due from employees	222		422	
Other current assets from third parties	**55,620**	**0**	**21,032**	**0**
Current assets from MSC	333	333	20	20
Current assets from Associates, Affiliates and Joint Ventures	269	269	257	257
Other current assets from the Manutencoop Group	**602**	**602**	**277**	**277**
Accrued income	845		794	
Prepaid expenses	2,144		2,030	
Accrued income and prepaid expenses	**2,989**	**0**	**2,824**	**0**
OTHER CURRENT ASSETS	**59,211**	**602**	**24,133**	**277**

The balance of trade receivables and advances to suppliers, which also includes contract assets, amounted to € 537,227 thousand at 31 December 2022, up by € 93,979 thousand compared to 31 December 2021 (€ 443,248 thousand).

The change in question was due to an increase of € 68,274 thousand in trade receivables from third parties and of € 25,286 thousand in receivables from other Group companies, in line with the increase in revenues for the period. Furthermore, there was an increase in contract assets for € 984 thousand, and in provision for bad debts for € 1,052 thousand.

In 2022 the Group continued to hold contracts for the assignment without recourse of trade receivables from third parties, including the 3-year no-recourse maturity factoring agreement with BFF Bank S.p.A. signed by the Parent Company Rekeep S.p.A. and other subsidiaries on 14 January 2022 as a result of renewal and concerning the assignment on a revolving basis of receivables claimed by the same companies from entities in the National Health System and Public Authorities, in an amount of up to € 300 million. These are accompanied by additional relationships with factoring companies for the disinvestment of specifically-agreed credit positions claimed both from entities in the National Health System and Public Authorities and from private entities.

During the year, the Group made assignments of trade receivables amounting to € 397,857 thousand (of which the balance amounting to € 101,485 thousand has not yet collected from the customer on the part of factoring companies): in all assignments, the assigned trade receivables were subjected to derecognition according to IFRS 9 in consideration of the characteristics of the transactions and entailed interest discount costs totaling € 3,141 thousand.

Finally, trade receivables from the Group amounted to € 42,109 thousand (€ 16,823 thousand in addition to advances for € 2 thousand at 31 December 2021). For more details, reference should be made to Annex III – Related-Party transactions.

A specific provision for bad debts was recorded against non-performing loans, which are difficult to fully recover, amounting to € 19,598 thousand at 31 December 2022 (€ 18,546 thousand at 31 December 2021). Changes in the provision during the period are detailed as follows:

	31 December 2021	Increases	Uses	Releases	Others	31 December 2022
Provision for bad debts	**18,546**	2,468	(2,250)	(286)	1,121	**19,598**

An analysis of trade receivables at 31 December 2022 and as at the end of the previous year is provided below, broken down by maturity. The balances shown are net of the provision for bad debts.

	Total	Trade receivables reaching maturity	Overdue trade receivables				
			< 30 days	30 - 60 days	60 - 90 days	90 - 120 days	beyond 120 days
31 December 2022	**455,873**	366,548	27,739	11,262	6,650	3,371	40,303
31 December 2021	**388,651**	299,307	22,736	13,555	6,496	5,027	41,530

Other current assets, equal to € 59,211 thousand (€ 24,133 thousand at 31 December 2021), showed a total increase of € 35,078 thousand.

Below are the details of the most significant entries in this item:

- tax receivables, which mostly include receivables concerning the VAT payments made by the Group companies (€ 10,282 thousand against € 7,820 thousand at 31 December 2021), which continue to show a credit balance given the widespread application of the regulations governing "Split-payment" and "Reverse charge" to the cycle of purchasing and sales invoicing. The increase in this item was linked to higher volumes. Assignments without recourse of VAT receivables of some Group companies were made in 2022 for a total nominal amount of € 35,455 thousand;
- receivables for short-term security deposits on new annual electricity and gas utility contracts paid to suppliers for € 7,354 thousand (not reported at the end of the previous year);
- tax credits, the increase in which was also due to the recognition of the tax credit to partially offset the higher costs incurred for the purchase of electricity and natural gas as from the second quarter of the year, which had not yet been used on the reporting date for a total amount of € 24,174 thousand.

12. CASH AND CASH EQUIVALENTS, RECEIVABLES AND OTHER CURRENT FINANCIAL ASSETS

A breakdown of the balance as at 31 December 2022 and 31 December 2021 is shown below:

	31 December 2022	31 December 2021
Bank and postal deposits	82,705	97,153
Cash in hand	162	160
Current financial accounts - consortia	1,376	2,199
CASH AND CASH EQUIVALENTS	**84,243**	**99,512**
Current financial receivables from third parties	6,540	4,468
Current financial receivables from Group Companies	285	10,193
Other receivables for dividends	192	138
RECEIVABLES AND OTHER CURRENT FINANCIALASSETS	**7,017**	**14,799**

Bank deposits accrue interest at the respective short-term interest rates.

Amounts deposited at Consorzio Integra and Consorzio Nazionale Servizi (C.N.S.) also have the nature of available current accounts on demand and accrue interest.

At 31 December 2022 *Current financial assets* amounted to € 7,017 thousand (€ 14,799 thousand at 31 December 2021) and mainly include:

- the balance of the pledged current accounts dedicated to the operation of the service for managing receipts within the scope of assignments of trade receivables without recourse, equal to € 5,564 thousand (€ 2,548 thousand at 31 December 2021);
- an overall amount of € 855 thousand of receivables for short-term loans and financial accounts held with non-consolidated Group companies (€ 608 thousand at 31 December 2021).

The balance of upstream loan was paid in full in 2022, for a nominal amount drawn down for € 10,000 thousand, which was disbursed by the Parent Company Rekeep S.p.A. to the controlling company MSC Società di Partecipazione tra Lavoratori S.p.A. in accordance with the agreement signed on 5 November 2021, which has an annual term and accrues interest equal to 3-month EURIBOR plus a spread (amounting to € 10,037 thousand at 31 December 2021).

Furthermore, the subsidiary Servizi Ospedalieri S.p.A. collected the residual portion, equal to € 1,104 thousand of the receivable arising from the sale of investment equal to 15% of the quota capital of Linea Sterile, which took place on 29 December 2020.

13. SHARE CAPITAL AND RESERVES

	31 December 2022	31 December 2021
Share Capital – Ordinary shares	109,150	109,150

Ordinary shares have a nominal value of € 1 each. Ordinary shares issued and fully paid up at 31 December 2022 amounted to 109,149,600.

The Parent Company does not hold own shares.

Reserves and retained Earnings

The table below shows changes in Equity reserves in the year.

	Share premium reserve	Legal reserve	SE reserves companies valued at SE	Translation reserve	SORIE reserve	Other reserves	Total reserves
31 December 2020	**145,018**	**21,830**	**3,431**	**873**	**(5,126)**	**(152,972)**	**13,054**
Allocation of prior year result				(873)	39		(834)
Economic effects on shareholders' equity			283	(1,165)	172		(710)
31 December 2021	**145,018**	**21,830**	**3,714**	**(1,165)**	**(4,916)**	**(152,972)**	**11,510**
Allocation of prior year result				1,165	(63)		1,102
Currency appreciation due to hyperinflation						613	613
Business combinations "under common control"						(6,866)	(6,866)
Economic effects accounted for in equity			695	(1,042)	684		338
31 December 2022	**145,018**	**21,830**	**4,409**	**(1,042)**	**(4,294)**	**(159,226)**	**6,696**

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

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

The table below shows changes in *Retained earnings*:

	Retained earnings of the Parent Company	Consolidation reserve	Total retained earnings
31 December 2020	**3,809**	**26,477**	**30,286**
Allocation of prior year result		(81,612)	(81,612)
31 December 2021	**3,809**	**(55,135)**	**(51,326)**
Allocation of prior year result		(23,690)	(23,690)
Change in consolidation area		(1,099)	(1,099)
31 December 2022	**3,809**	**(79,924)**	**(76,115)**

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

	31 December 2022	31 December 2021
Equity attributable to non-controlling interests	**6,096**	**4,588**
of which attributable to:		
Subsidiaries of Rekeep World S.r.l.	882	(267)
Subsidiaries of Servizi Ospedalieri S.p.A.	4,628	4,311
Other subsidiaries and consortia	586	544

	31 December 2022	31 December 2021
Profit for the year attributable to non-controlling interests	**368**	**1,603**
of which attributable to:		
Subsidiaries of Rekeep World S.r.l.	100	258
Subsidiaries of Servizi Ospedalieri S.p.A.	268	1,351
Other subsidiaries and consortia	0	(6)

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

Rekeep World S.r.l., which is the Group's sub-holding company active in the development of international markets, holds a stake of 70% of the capital of Rekeep France S.a.s. and an investment of 80% in the capital of the Polish company Rekeep Polska. There is no recognition of equity attributable to minority shareholders of these subsidiaries since a Put option is granted to minority shareholders, which is recognized as a financial liability in the Consolidated Financial Statements. During 2018 EOS, a Turkish company in which Rekeep World S.r.l. acquired a majority stake against a stake of 49% held by local partners was consolidated for the first time. The valuation of the stake pertaining to minority shareholders was accounted for as an increase during the year in the Shareholders' Equity of non- controlling interests.

Finally, Shareholders' equity of third parties includes the minority interests of Medical Device S.r.l. (60% owned by Servizi Ospedalieri S.p.A.) and of U.Jet S.r.l., which is also 60% owned by Servizi Ospedalieri S.p.A..

14. EMPLOYEE TERMINATION INDEMNITY (TFR)

Below are the changes in the liabilities relating to Employee Termination Indemnity (TFR) in 2022, compared with changes in the previous year.

	For the year ended	
	31 December 2022	**31 December 2021**
AT 1 JANUARY	**10,483**	**11,267**
Additions for business combinations	597	675
Current Service cost	1,587	733
Interest costs on benefit obligations	57	6
Benefits paid	(1,976)	(2,002)
Net actuarial (gains)/ losses from benefit obligations	(774)	(197)
Other changes	(3)	0
AT 31 DECEMBER	**9,970**	**10,483**

Below is reported the breakdown of the net cost of employee benefits relating to the termination indemnity:

	For the year ended	
	31 December 2022	**31 December 2021**
Current service cost	1,587	733
Interest costs on benefit obligations	57	6
Net cost of the benefits recognized through profit or loss	**1,644**	**739**
Net actuarial (gains)/ losses recognized in equity	(774)	(197)
TOTAL NET COST OF THE BENEFIT	**870**	**542**

The main financial and demographic assumptions used in the actuarial valuation of the obligation relating to TFR are illustrated below:

	31 December 2022	**31 December 2021**
Discount rate	3.77%; 3.63%	0.98%;0.44%
Inflation rate	5.9% (2023); 2.3% (2024); 2,0% (from 2025)	1.20%
Estimated turnover	From 3.5% to 10.00%	From 3.5% to 10.00%

The discount rates used to assess the TFR obligation are defined on the basis of curves of rates of return of high-quality fixed-interest securities, the amounts and maturity dates of which correspond to those of the payments of expected future benefits. In 2022 two different discount rates were used by the Group depending on the remaining average period of time during which personnel remains in each company, equal to 3.77% and 3.63% (equal to 0.98% and 0.44% in 2021).

The estimated turnover rate is presented in a range as the actuary appointed by the Group Companies for the actuarial estimate of the liability used different turnover rates for the individual companies.

The effects on the TFR obligation from the increasing or decreasing measurement of the financial rates in relation to reasonably possible changes in interests rates and in the assumptions of average duration of the working population, while maintaining all the other variables unchanged, are illustrated below:

	Financial year ended 31 December 2022		Financial year ended 31 December 2021	
	Assumptions	**Employee Termination Indemnity**	**Assumptions**	**Employee Termination Indemnity**
Discount rate	+ 0.25 bps	9,872	+ 0.25 bps	11,045
	- 0.25 bps	10,189	- 0.25 bps	11,405
Inflation rate	+ 0.25 bps	10,106	+ 0.25 bps	11,317
	- 0.25 bps	9,951	- 0.25 bps	11,129
Actuarial assumptions	+ 2.00 ppt	10,065	+ 2.00 ppt	11,099
	- 2.00 ppt	11,988	- 2.00 ppt	11,366

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

	For the year ended	
	31 December 2022	**31 December 2021**
Executive	68	70
White collars	1,741	1,673
Blue collars	24,939	25,786
AVERAGE STAFF	**26,748**	**27,528**

Following the transfer of the "Personnel Activities" business unit to Rekeep S.p.A. as already commented on above, the controlling company MSC S.p.A. ceased its staffing operations: therefore, as at 31 December 2022 there were no leased employees in the Group (the average number of leased employees provided by the Group was equal to no. 313 units at 31 December 2021).

15. PROVISIONS FOR RISKS AND CHARGES

Below are reported the breakdown and changes in provisions for risks and charges for the year ended 31 December 2022:

	Risks on Investments	Risks on job orders	Pending disputes	Tax litigation	Agents' indemnity leave	Severance provisions	Other provisions	Total
At 1 January 2022	**374**	**10,259**	**24,306**	**448**	**299**	**581**	**2,222**	**38,490**
Accruals	8	8,174	2,990			89	6,914	**18,174**
Uses		(1,288)	(1,608)	(7)			(97)	**(2,999)**
Reversals		(4,045)	(344)				(280)	**(4,669)**
Others	33	(214)			(123)		(17)	**(321)**
At 31 December 2022	**415**	**12,886**	**25,344**	**441**	**176**	**670**	**8,743**	**48,675**
At 31 December 2022:								
Current	*415*	*11,890*	*369*	*447*		*670*	*4,692*	***18,483***
Non-current		*996*	*24,974*	*(6)*	*176*	*0*	*4,051*	***30,192***
At 31 December 2021:								
Current	*374*	*9,545*	*551*	*447*		*581*	*957*	***12,455***
Non-current		*714*	*23,755*	*1*	*299*		*1,266*	***26,035***

Provision for risks on investments

The item, amounting to € 415 thousand (€ 374 thousand at 31 December 2021), includes the provision for unrecoverable future losses of Group companies and relates for € 118 thousand to the subsidiary Alisei S.r.l. in liquidation, for € 128 thousand to the subsidiary Manutencoop International Services LLC in liquidation and for € 169 thousand to the subsidiary Yougenio S.r.l. in liquidation.

Provision for risks on job orders

This provision includes, at consolidated level:

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

The balance amounted to € 12,886 thousand at 31 December 2022 (€ 10,259 thousand at 31 December 2021), up by € 2,627 thousand against accruals of € 8,174 thousand, uses of € 1,288 thousand, releases of € 4,045 thousand, and other changes of € 214 thousand.

The change in the item was affected for € 3,157 thousand by the partial net release of the provision for non-recurring additional costs that are expected to be incurred on some energy contracts set aside in previous years, as restated following the issue of a clarification in terms of regulations.

Provisions for pending legal disputes

At the reporting date of the financial statements, the risk was assessed for the Group to be required to pay future compensation in the event of losing cases in legal actions pending with customers, suppliers, employees and others. During the year ended 31 December 2022 the provision, totaling €25,344 thousand (€ 24,306 thousand at 31 December 2021), recorded increases for accruals to provisions of € 2,990 thousand and decreases for uses and releases totaling € 1,952 thousand.

Provisions were recognized to hedge the risks involving the Parent Company Rekeep S.p.A. for € 2,253 thousand. Uses and reversals for the period, most of which are attributable to the Parent Company, relate to the use of provisions set aside in previous years against the settlement of disputes with suppliers and of actions with other persons or entities.

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

On 7 January 2017 the Company served on the entity a writ of summons before the Court of Rome in order to verify the unlawfulness of the termination of the agreements and to order Consip S.p.A. to pay compensation for damages suffered by the company itself. By a judgment filed on 30 May 2022, the Civil Court of Rome rejected our write of summons, while declaring that the termination of the "Consip Scuole" agreements ordered by Consip was lawful pursuant to Article 1456 of the Italian Civil Code. The Company through its legal counsels has submitted an application for appeal, with the first hearing scheduled on 31 January 2023, which was rescheduled *ex officio* to 25 October 2023. The tender performance bond (initially equal to € 24.5 million) might also be partially enforced if the Company loses the case against Consip S.p.A.. ANAC (Italian Anti-Corruption Authority) has proceeded with the entry of the contract termination in its computerized records.

Subsequently, on 16 June 2017 Consip officially informed Rekeep S.p.A. of its own decision concerning the exclusion of the Company from the tenders for new agreements relating to cleaning services of barracks (“Consip Caserme”) and to cleaning services with health service providers (“Consip Sanità”), with the intention also to confiscate, in this last case, the surety given by the Company during the tender for the amount of approximately € 10.4 million (known as “bid bond). The order of exclusion has been confirmed by both the Regional Administrative Court and the Council of State and, finally, by the Supreme Court, which, by an order published on 22 December 2021, rejected the judicial appeal submitted by the Company before the Supreme Court. In the meantime, Consip S.p.A. asked the guarantors to enforce the guarantees (bid bonds) provided in the interest of Rekeep for the Consip Sanità tender (equal to € 10.4 million) and Consip Caserme (equal to € 3.4 million). Rekeep S.p.A., with independent appeals and additional grounds, challenged these measures before the Lazio Regional Administrative Court, which rejected the appeals. By an order dated 22 March 2021 the Council of State granted the preliminary request submitted by the Company and suspended the enforcement of the judgment; at the hearing on the merits held on 7 October 2021 the Council of State suspended

the proceedings pending the filing of the decision on the part of the Constitutional Court as to a dispute regarding Consip's enforcement of provisional deposits against a competitor, during which objections were raised regarding constitutional legitimacy. On 26 July 2022, the Constitutional Court rejected the objections concerning constitutional legitimacy by judgment 198/2022. Following a request to schedule a hearing, the Council of State met for discussion on 2 February 2023 and ordered the suspension of the proceedings, pending a decision on the part of the European Court of Justice on preliminary issues submitted in another appeal (but overlapping with those raised by the defense counsels to the Company) and referred by the Council of State by order to the European Court. However, a single-member board's Presidential decree suspending the challenged judgments had been obtained in the meantime. Finally, on 28 July 2020, one of the guarantors (Atradius) served on Rekeep an appeal before the Civil Court of Rome under Article 702-bis in order to obtain the payment of the sums relating to the sureties issued for the participation in the Consip Sanità tender, pending the enforcement on the part of Consip. At the first appearance hearing held on 24 March 2021, the Court ordered for the summary procedure to be converted into ordinary procedure and for the parties' to appear at the hearing scheduled on 16 December 2021, which was rescheduled on 21 September 2022: on that occasion further preliminary motions submitted by the opposing party were rejected and a hearing was set for the specification of conclusions on 21 June 2023.

Finally, on 6 March 2020 Consip S.p.A. informed the Company of the exclusion from the tender for the cleaning of museum premises ("Consip Musei"), with the intention of sending the document to ANAC, which may proceed with the entry in the electronic criminal records of "Useful information". On 13 March 2020 a request was also sent for the enforcement of the bid bond relating to this tender (equal to € 2.8 million). The Company challenged these orders before the Regional Administrative Court, which rejected the appeal. However, by an order of 11 March 2021 the Council of State granted the preliminary request submitted by the Company and suspended the enforcement of the judgment that had been appealed against. At the hearing held on 7 June 2022, the Council of State suspended the proceedings pending the filing of the Constitutional Court's decision, in the same way as in the case of the proceedings described above ("Consip Caserme" and "Consip Sanità"). On 26 July 2022, the Constitutional Court rejected the objections on constitutional legitimacy by judgment 198/2022. Following a request to schedule a hearing, the Council of State met for discussing the substance of the matter on 29 November 2022, while considering the lawfulness of the order of exclusion from the Consip Musei tender and of enforcement of the bid bond. The Company is preparing an appeal for review before the Council of State.

The Consip Sanità, Consip Caserme and Consip Musei tenders did not generate consolidated Revenues until 31 December 2022 and were not included in the Group's backlog at 31 December 2022.

In the Consolidated Financial Statements at 31 December 2022 the Directors already decided to maintain the provisions for future charges (equal to € 17.5 million), also taking account of the risk of enforcement of the abovementioned performance bond and bid bonds and despite the fact that Rekeep S.p.A. could submit sound arguments against the enforcement of the bonds in court.

The dispute concerning the fine imposed in relation to the FM4 Tender still continued in 2022.

On 23 March 2017, the Competition Authority notified Rekeep S.p.A. (at the time Manutencoop Facility Management S.p.A.) of the start of an investigation procedure against the Company itself, as well as against CNS – Consorzio Nazionale Servizi Società

Cooperativa, Dussmann Service S.r.l., Engie Servizi S.p.A. (formerly Cofely Italia S.p.A.), ManitalIdea S.p.A., Romeo Gestioni S.p.A. e STI S.p.A. and subsequently extended to Exitone S.p.A., Manital Società Consortile per i Servizi Integrati per Azioni Consorzio Stabile, Manital S.c.p.a., Gestione Integrata S.r.l., Kuadra S.r.l. in Liquidation, Esperia S.p.A., Engie Energy Services International SA, Veolia Energie International SA, Romeo Partecipazioni S.p.A., Finanziaria Bigotti S.p.A., Consorzio Stabile Energie Locali S.c.a.r.l. to ascertain whether those companies put in place a possible anti-competitive agreement whose subject matter consisted of the coordination of the procedures for taking part in the tender called by Consip in 2014 for awarding the Facility Management services intended for properties mainly for office use of the Public Administration (known as "FM4 Tender"). On 9 May 2019, after the completion of the abovementioned proceedings, the Competition Authority served the final order, considering the existence of the agreement restricting competition between some of the abovementioned companies and imposing a sanction of € 91.6 million on the Company.

The Lazio Regional Administrative Court's judgment of 27 July 2020 partially granted the appeal submitted by the Company, albeit confirming the Competition Authority's Order as regards the merits, the Regional Administrative Court granted the request for redetermination of the fine setting the parameters. Subsequently, the Competition Authority therefore again set the new fine at € 79.8 million. The Company challenged both the Regional Administrative Court's judgment before the Council of State and 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 appeal submitted by the Company by a judgment filed on 9 May 2022. Against the ruling, on 10 June 2022 the Company filed an appeal for review before the Council of State, which scheduled the hearing for discussion on 4 May 2023; the Company also filed an appeal before the Supreme Court on 8 July 2022 and is waiting for the Court to hand down its ruling following the hearing held on 4 April 2023.

Rekeep S.p.A., also on the basis of what has been agreed with its lawyers and maintaining the position it has always taken on the matter, believes that the sanctioning order is completely groundless. The Company therefore considers that the measure is unjustified and declares that it is sure of the absolute correctness of its conduct and of having always acted in compliance with the market rules applicable to the Consip FM4 Tender.

As regards the effects on the financial statements, the Directors recognized the debt and the related cost associated with the expected financial outlay for an amount of € 79,800 thousand as early as from the financial statements at 31 December 2020, given the enforceability of the fine and while continuing to rely on the reasonableness of the defense arguments, as stated in the final order of the Competition Authority and entered in the taxpayers' list on the part of the Revenue Agency. For the payment of the debt, the Company applied for and obtained from the Revenue Agency a payment plan of 72 monthly installments, at an interest rate of 4.5%, which was finally updated on 22 December 2020 and which resulted in the amount of surcharges and collection costs (equal to 3% of the amount of the debt entered in the taxpayers' list) being added to the debt stated for the fine for € 2,612 thousand. Finally, it should be noted that the Company made use of the suspension of the payment of installments in accordance with Decree Law no. 18 of 17 March 2020, governing "Measures to strengthen the National Health Service and to provide financial support to households, workers and businesses related to the COVID-19 epidemic emergency" ("Cure Italy

Decree"); subsequently, following the expiry of the final deadline for the suspension of payment of the amounts entered in the taxpayers' list (31 August 2021), it resumed operations to pay monthly installments, paying part of the installments suspended during the Covid-19 emergency period, with the added burden of higher collection costs, plus default interest. See note 19 for details.

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

On 4 November 2019 the Company submitted an appeal to the Lazio Regional Administrative Court against the proceedings initiated by ANAC, which, at present, have been removed from the docket in consideration of the fact that on 24 January 2020 ANAC ordered to suspend the proceedings while waiting for the settlement of the disputes brought in first instance before the Regional Administrative Court for the Competition Authority's Consip FM4 orders and the exclusion from the Consip FM4 tender. To date, since the tender has not yet been awarded on a final basis, potential revenues relating to the FM4 Tender have never been included in the Rekeep Group's backlog.

The Company continues to hold that it considers the Competition Authority's order unjustified and disproportionate and will continue to take any necessary action against it to protect its rights and interests. While having full confidence in the arguments

discussed with their lawyers and after specifically verifying the consolidated financial planning and the actual conditions to be able to meet non-recurring cash outflows (if any), the Directors do not see any uncertainties for the purposes of assessing the going-concern assumption.

The Company believes that a general delay may actually arise in awarding some tenders attributable to situations of further worsening of the disputes connected with the participation in or the awarding of said tenders. As things stand as regards the abovementioned proceedings, there are no impediments for the Rekeep S.p.A. group companies to the participation and awarding of new calls for tenders by the Public Administration, and, moreover, any other awarding procedure of contracts with private customers still remains valid.

Provision for termination employee benefits

This provision has been set aside to include the amounts due for severance and employee redundancy costs, as part of the sundry restructuring plans implemented by some Group companies over the last few years. The provision recorded a balance equal to € 670 thousand at 31 December 2022 (€ 581 thousand at 31 December 2021), against provisions equal to € 89 thousand.

Provision for tax disputes

At 31 December 2022 the provision amounted to € 441 thousand, recording uses which gave rise to a decrease of € 7 thousand.

Other provisions for risks and charges

The provision, amounting to € 8,743 thousand at 31 December 2022, showing an increase of € 6,521 thousand compared to 31 December 2021 (€ 2,222 thousand) as a result of provisions for € 6,914 thousand and uses and releases totaling € 393 thousand. Provisions for the period included higher collection charge of € 1,502 thousand, which is expected to be due on the installment to be paid for the notice of payment issued by the Revenue Agency relating to the Competition Authority’s fine (for more details, reference should be made to the information provided in relation to the “Provision for legal disputes”).

To this must be added the non-recurring provision recorded by subsidiary Servizi Ospedalieri, amounting to € 940 thousand, 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 in 2022 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". First of all, the legislation set, as from 2015, an expenditure ceiling for the Regions in relation to the purchase of medical devices, amounting to 4.4% of the National Health Fund (NHS), while obliging the relevant supplier companies to bear excess expenses, certified by each Regional Government, through the payment of a sum proportional to the share of the spending overrun, corresponding to 40% for the year 2015, 45% for the year 2016 and 50% as from the year 2017. The provision recognized in the financial statements as from 31 December 2022 is Management's best estimate of the amounts accrued in previous years, which are expected to be reimbursed to each Regional Government.

16. DERIVATIVES

At 31 December 2022, the Group had not recorded any derivative assets or liabilities.

17. BORROWINGS, LOANS AND OTHER CURRENT FINANCIAL LIABILITIES

The items Non-current loans and Loans and other current financial liabilities include both the non-current and current portion of loans from credit institutions and consortium members, respectively. Furthermore, there is also the recognition of payables to other lenders and lease liabilities, as well as of other current debt balances of a financial nature such as,for example, the debt for the acquisition of investments or business units and the liability for dividends to be paid.

The tables below set forth the qualitative breakdown by current and non-current financial liabilities at 31 December 2022 and at 31 December 2021:

	31 December 2022	within 1 year	beyond 1 year to 5 years	beyond 5 years
Senior Secured Notes	364,541		364,541	
Artigiancassa loan	838	239	599	
Prepaid interest expenses	(1,065)	(623)	(442)	
Accrued interest expenses	11,695	11,695		
Long-term bank borrowings and current portion of long-term bank borrowings	**376,010**	**11,312**	**364,698**	**0**
Current bank overdraft, advance payments and hot money	15,293	15,293		
Financial liabilities for leases	48,956	20,180	23,833	4,943
Loans from syndicated shareholders	1,040		1,040	
Loan from Parent Company MSC Società di Partecipazione tra Lavoratori	1	1		
Other financial liabilities	7,635	7,635		
Obligations from assignments with recourse of trade receivables	11,806	11,806		
Collections on behalf of assignees of trade receivables	28,480	28,480		
Obligations arising from reverse factoring transactions	33,813	33,813		
Options on subsidiaries' minority shareholdings	16,046	1,952	14,094	
Debt for the acquisition of investments/business units	1,956	1,956		
TOTAL FINANCIAL LIABILITIES	**541,036**	**132,428**	**403,665**	**4,943**

	31 December 2021	within 1 year	beyond 1 year to 5 years	beyond 5 years
Senior Secured Notes	363,025		363,025	
Artigiancassa loan	1,077	239	838	
Other bank loans	27	27		
Prepaid interest expenses	(1,253)	(531)	(722)	
Accrued interest expenses	11,726	11,726		
Long-term bank borrowings and current portion of long-term bank borrowings	**374,602**	**11,461**	**363,141**	**0**
Current bank overdraft, advance payments and hot money	6,140	6,140		
Financial liabilities for leases	44,107	8,946	25,976	9,185
Loans from syndicated shareholders	603	603		
Loan from Parent Company MSC Società di Partecipazione tra Lavoratori	75	75		
Other financial liabilities	4,317	3,120	1,197	
Obligations from assignments with recourse of trade receivables	23,270	23,270		
Collections on behalf of assignees of trade receivables	14,556	14,556		
Obligations arising from reverse factoring transactions	9,963	9,963		
Options on subsidiaries' minority shareholdings	15,336	1,952	13,384	
Debt for the acquisition of investments/business units	1,112	1,112		
Share capital to be paid into investee companies	878	878		
TOTAL FINANCIAL LIABILITIES	**494,960**	**82,077**	**403,698**	**9,185**

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

On 28 January 2021 Rekeep S.p.A. launched a high-yield bond issue named "€350,000,000 7.25% Senior Secured Notes due 2026", which is not convertible and not subordinated, for a total amount on account of principal of € 350 million, due 1 February 2026. The Notes, which were reserved for institutional investors, were admitted to listing on the EURO MTF multilateral trading facility managed by the Luxembourg Stock Exchange and on the ExtraMOT multilateral trading facility, PRO segment, organized and managed by Borsa Italiana S.p.A.. The issue took place at par, with a coupon at an annual fixed rate of 7.25% (payable on a six-monthly basis on 1 February and 1 August, as from 1 August 2021) and non-callable repayment until 1 February 2023. On

9 February 2021, the Company also issued additional Senior Secured Notes with a par value of € 20 million at an issue price of 102.75% plus an amount equal to the interest that would have accrued on the Notes until (and excluding) 9 February 2021 in the event of them being issued on 28 January 2021. These Notes are regulated by the same terms and conditions as those issued previously (annual rate of 7.25% and due 2026) and will be formally registered in the same series as the latter ones.

The proceeds from offering the new Senior Secured Notes (totaling € 370 million), together with Cash and Cash equivalents that were already stated in the Company's accounts, were used to pay off the Senior Secured Notes that had been issued in 2017 with an annual coupon of 9% and due 2022, as well as to pay the costs sustained for the redemption premium of these Notes and replenish the liquidity with which the previous RCF line of credit had been repaid.

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

At 31 December 2022 the financial charges accrued on the bond coupons amounted to € 26,850 thousand against € 27,514 thousand (of which € 2,254 thousand in the previous year related to the Senior Secured Notes issued in 2017 and paid off at the same date as the new issue) in the previous year. The upfront fees relating to the issue of Senior Secured Notes were accounted for according to the amortized cost method, which entailed, in accordance with IFRS 9, the recognition of financial Amortization charges of € 1,516 thousand in 2022 (€ 7,176 thousand, of which an amount of € 5,818 thousand related to the write-off of the remaining amount still to be amortized on the Notes paid off in the previous year).

Super Senior Revolving Credit Facility (RCF)

At the same time as the issue of 28 January 2021, Rekeep S.p.A. signed a new revolving loan agreement that will guarantee a senior secured line of credit ("RCF") for an amount of up to € 75 million, and due 1 August 2025, to be used for general purposes

and to manage the working capital of the Issuer and its subsidiaries. The subsidiary Servizi Ospedalieri S.p.A. may also access this facility providing a specific personal security. The interest rate applicable to each use of the RCF loan for each interest period will be equal to the percentage rate resulting from the sum of the fixed margin (equal to 3.5) and the applicable EURIBOR parameter.

The Super Senior Revolving loan agreement provides for compliance with a financial covenant, which is preliminary to the possible use of the line granted. This financial covenant is in line with the market practice for similar financing transactions and is recognized on a quarterly basis on the basis of the data relating to the last 12 months, as resulting from the financial position, results of operations and cash flows approved during the quarter prior to the date of the application for use of the credit facility. The financial covenants had been complied with on the reporting date of these financial statements.

The facility was partially drawn down during the year in order to meet temporary cash requirements (if any), and promptly repaid: the RCF facility had not been drawn down at 31 December 2022. The temporary partial use entailed the charging of financial costs accrued in the meantime for € 982 thousand (€ 223 thousand at 31 December 2021, when the facility had only been drawn down during the second half of the year).

Prepaid interest expenses

At 31 December 2022 the Company recognized prepaid interest expenses of € 1,065 thousand (€ 1,253 thousand at 31 December 2021). The item mainly related to arrangement fees initially paid by Rekeep S.p.A. for entering into the Super Senior Revolving (RCF) facility agreement, initially equal to € 1,260 thousand. These costs are amortized on a straight-line basis throughout the term of the credit facility and generated amortization charges of € 816 thousand in 2022 (€ 1,194 thousand in the same period of the previous year, of which € 264 thousand related to the write-off of the remaining amount still to be amortized on the previous RCF line, paid at the same time as the new bond issue).

Accrued interest expenses

At 31 December 2022 accrued interest expenses were recognized for € 11,695 thousand (€ 11,726 thousand at 31 December 2021), of which € 11,624 thousand relating to the coupon of the Senior Secured Notes due 1 February 2023 (unchanged compared to 31 December 2021).

Artigiancassa loan (Rekeep S.p.A.)

On 21 June 2018 the Company obtained a soft loan from the “Energy and Mobility Fund” operated by the Regional Government of Marche, aimed at supporting the energy efficiency development of healthcare units. This loan was partly disbursed by Artigiancassa S.p.A. in the form of a 8-year financing for an initial amount of € 1,676 thousand, with a pre-amortization period of 12 months. This loan does not bear interest and provides for the payment of 14 six-monthly installments, falling due on 31 March and 30 September of each year. As at 31 December 2022, two installments had been repaid, each one amounting to € 120

thousand, thus bringing the residual debt of this loan to € 838 thousand at 31 December 2022 (€ 1,077 thousand at 31 December 2021).

Other bank loans

There were no other bank loans at 31 December 2022 (€ 27 thousand at 31 December 2021).

Current account overdraft, advance payments and hot money

At 31 December 2022 this item showed a balance of € 15,293 thousand, against an amount of € 6,140 thousand at the end of the previous year.

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

Financial lease liabilities

Obligations in place at 31 December 2022 for lease agreements, property and operating leases amounted to € 48,956 thousand, against € 44,107 thousand at 31 December 2021).

During the year under review, new contracts were activated and lease payments were revalued for a present value, at the time of recognition, equal to € 22,432 thousand, while contracts were early terminated for a residual value of € 8,872 thousand. Specifically, on 12 December 2022 the Parent Company Rekeep S.p.A. signed with its parent company MSC S.p.A. the deed of acquisition of two property lease agreements relating to the registered office in place with MPS Leasing & Factoring S.p.A., for a residual value of € 10,499 thousand, including the redemption price, as at the date of execution. This entailed the simultaneous early extinguishment of the liability formerly recognized against the right of use on lease by the parent company on the same property for € 7,807 thousand (net effect on the transaction on financial liabilities for leases was equal to a higher debt of € 2.7 million).

Syndicated loans

This item refers to financing provided by the consortium members, which are minorities in the consortium companies included within the scope of consolidation, since they are owned or held in joint venture at 50%. In certain cases, these loans are non-interest-bearing loans and are repayable on request. In other cases, they have a contractually defined maturity and, in others still, they do not have a contractually defined maturity but will essentially be repayable at the end of the long-term service contract, on the basis of which the consortium company was established. As at 31 December 2022 the overall balance of these loans amounted to € 1,040 thousand (€ 603 thousand at 31 December 2021).

Collections on behalf of assignees of trade receivables

The item included receipts from customers on assigned receivables as part of the factoring without recourse transaction of trade receivables, for which the Group acts as an agent to manage receipts on behalf of the factor. The receipts, equal to € 28,480 thousand at 31 December 2022, were transferred to the factor in the subsequent month after the end of the period.

Obligations from assignments of receivables with recourse

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

During 2022 assignments with recourse were made with regard to trade receivables at a nominal value of receivables of € 34,218 thousand, while the exposure was equal to € 11,806 thousand at 31 December 2022 (€ 23,270 thousand at 31 December 2021).

Obligations arising from reverse factoring transactions

As from 2020 the Parent Company Rekeep S.p.A. entered into some reverse factoring lines which ensure a greater amount of overdraft facilities with respect to payments to some suppliers. The overall exposure amounted to € 33,813 thousand at 31 December 2022 (€ 9,963 thousand at 31 December 2021).

Options on subsidiaries' minority shareholdings

The options on subsidiaries' non-controlling interests were recognized for an amount of € 16,046 thousand at 31 December 2022 (€ 15,336 thousand at 31 December 2021).

Of these an amount of € 14,094 thousand related to the fair value at the date of the Put option granted in favor of the minority shareholder Rekeep Polska S.A. on 20% of the share capital of the company acquired on 30 October 2019. The related strike price is calculated for an amount equal to the product between consolidated EBITDA on a 12-month basis for the quarter immediately preceding the exercise date by a multiple equal to 7.5x, as reduced by the consolidated net financial position and adjustments to Net Working Capital set out in the acquisition contract. This option may be exercised within one year as from the fifth year after the date of acquisition. This option may be exercised between 30 October 2024 and 30 October 2025.

As at 31 December 2022 the estimated liability linked to the Put option held by the minorities of Rekeep France S.a.s. was also recognized, whose shareholding of 30% was transferred to third parties on 15 January 2018 under an Investment Agreement signed in 2017. This option may be exercised between 30 September 2021 and 30 September 2023.

Debt for the acquisition of investments/business units

This item amounted to € 1,956 thousand at 31 December 2022 (€ 1,112 thousand at the end of the previous year). The item includes Rekeep S.p.A.'s residual debt to the parent company MSC Società di Partecipazione tra Lavoratori S.p.A., relating to the acquisition of the "Personnel Activities" business unit, as more fully detailed in note 3 above. As at 31 December 2021 the

item included, among others, the residual portion of € 1,046 thousand of the deferred price paid at closing for the acquisition of the majority interest of subsidiary U.Jet S.r.l., which took place on 1 June 2021.

Other financial liabilities

As at 31 December 2022 other financial liabilities were recorded for € 7,635 thousand, against € 4,317 thousand at 31 December 2021. Other financial liabilities include a loan of € 1,182 thousand (€ 2,408 thousand at 31 December 2021) ranted by the Polish Government to the Polish group's subsidiary Catermed Sp. z o.o. within the scope of measures put in place to support companies in order to counter the COVID-19 emergency. The loan, which is structured into two lines, i.e. liquidity and preferential financing, has a term of three years and accrues interest. Furthermore, the balance of the item includes the price that the Parent Company Rekeep has paid to its controlling company MSC for the acquisition of the property lease agreements of the registered office with MPS Leasing & Factoring S.p.A., equal to € 5,370 thousand (including VAT), as set due to the positive differential between the value of the real estate complex and the outstanding debt arising from lease agreements.

18. CONTINGENT LIABILITIES

As at the date of approval of the Consolidated Financial Statements at 31 December 2022 no contingent liabilities had arisen for the Rekeep Group, which had not been recognized in the accounts, for which the Management believes that the related financial risks can be regarded as possible but unlikely or for which these risks cannot be quantified and recognized in the financial statements at 31 December 2022. The changes in the potential liability in 2022, as reported above, is described below.

ANAC's disqualification order - Santobono Pausilipon

On 10 November 2017 ANAC, after the completion of proceedings initiated in November 2016 following a report made by A.O.R.N. Santobono Pausilipon in Naples, imposed a sanction (the "ANAC Order") on Rekeep S.p.A. (Manutencoop Facility Management S.p.A. at that time), raising objections concerning the failure to provide a declaration relating to the absence of criminal proceedings against one of the Company's proxy holders in the documentation submitted for the tender for cleaning services at Santobono Pausilipon itself, which took place in 2013. On the other hand, this proxy holder met the legal requirements in full. The ANAC order provided, in addition to a fine of € 10 thousand, for the Company to be excluded from all public tenders for a period of 6 months as from the date of entry in the computerized records of economic operators in public contracts. The Company successfully challenged the order before the Regional Administrative Court, but, within appellate proceedings brought by ANAC, the disqualification order was confirmed by the Council of State; at the end of the procedure for application of extraordinary means of appeal (appeal for review and judicial appeal to the Supreme Court), it became final on 4 December 2020 with the filing of the Supreme Court's judgment no. 27770/2020. As a result of this judgment, any suspension effect of ANAC Resolution no. 1106/2017 was therefore removed, which entails, in addition to a fine of € 10 thousand, the exclusion of Rekeep S.p.A. from public tender procedures and subcontracting of public contracts for a period of 6 months in accordance with

Legislative Decree 50 of 2016 (the "Public Contracts Code"). The entry, which had been previously blacked out by ANAC, was therefore re-inserted in the computerized records of economic operators in public contracts relating to works, services and supplies as from 25 December 2020 and until 17 June 2021. Rekeep S.p.A. had formally asked ANAC to postpone the immediate new reinstatement of the entry in the records until the conclusion of the proceedings initiated by ANAC on the Application for Re-examination submitted on 20 October 2020 and, subordinately, to specify that the disqualifying effects of these records, as provided for by Article 38, paragraph 4, of the "Rules for the management of the Computerized Records of public contracts for works, services and supplies, in accordance with Article 213, paragraph 10, of Legislative Decree no. 50 of 18 April 2016", are only limited to exclusion "from tender procedures or from access to qualification if the expiry of the time limit set for submitting bids or the application for qualification falls within the effective period of the entry". ANAC replied to this notice with an additional memo sent on 5 January 2021, whereby it also notified that it rejected the Company's request and intended to reinstate the entry in question, as any other wording would not be in line with the principle according to which tendering requirements must necessarily be met on an ongoing basis". The Company lodged an appeal against this order before the Lazio Regional Administrative Court which declared the appeal as inadmissible by a judgment dated 29 March 2021. The Company filed an appeal against this judgment together with an application for preliminary request, which was accepted by the Council of State by an order dated 23 April 2021.

In light of this, any effect of the ANAC order had to be regarded as suspended at the time. It was also ordered to proceed with blacking out the entry in the computerized records. Moreover, following the summary examination of the precautionary proceedings phase, the Council of State held that "the principle of strictly legal typicality of the sanctions (....) has been breached, given that (...) the failure to make a statement with which the Company has been charged under the order does not coincide with a false statement". The hearing for discussing the substance of the matter was scheduled on 25 November 2021, at the end of which the Council of State, by judgment no. 491/2022, filed on 25 January 2022, granted the appeal submitted by the Company against the Lazio Regional Administrative Court's judgment no. 3754/2021, annulling any effect of the order adopted by ANAC, which had already been previously suspended on a precautionary basis. Against the Council of State's ruling the Company was served with a notice of appeal before the Supreme Court.

19. TRADE PAYABLES, CONTRACT LIABILITIES AND OTHER CURRENT LIABILITIES

The table below sets forth the breakdown of the item at 31 December 2022 and 31 December 2021:

	31 December 2022	of which to related parties	31 December 2021	of which to related parties
Trade payables	412,860		372,513	
Trade payables due to third parties	**412,860**	**0**	**372,513**	**0**
Trade payables to MSC S.p.A.	1,312	1,312	4,683	4,683
Trade payables to associates, affiliates and joint ventures	44,061	44,061	17,240	17,240
Trade payables to the Group	**45,373**	**45,373**	**21,923**	**21,923**
Advances from customers, including contract liabilities	22,575		18,938	2
Trade payables and contract liabilities	**480,808**	**45,373**	**413,374**	**21,925**
Fees due to directors and statutory auditors	255		301	
Tax payables	8,409		9,103	
Payables to social security institutions within 12 months	17,113		19,575	
Other payables to TJA ("Associazione temporanea di imprese")	7,833		5,556	
Payables to employees within 12 months	53,087		48,566	
Other payables within 12 months	79,462		81,919	
Property collection on behalf of customers	2,176		2,176	
Other current operating payables to third parties	**168,335**	**0**	**167,196**	**0**
Other current payables to MSC S.p.A.	23	23	36	36
Other payables to associates, affiliates and joint ventures	42	42	97	97
Other current payables to the Group	**65**	**65**	**133**	**133**
Accrued expenses	111		61	
Deferred income	1,156		67	
Accrued expenses and deferred income	**1,267**	**0**	**128**	**0**
Other current operating payables	**169,667**	**65**	**167,457**	**133**

Trade payables do not accrue interest and are settled, on average, 90/120 days from the invoice date. The other payables are non-interest bearing payables and are settled, on average, after 30 days, excluding payables due to employees for accrued 13th and 14th monthly pay and holidays paid at 6 months on average, and the amounts due to the Tax Authorities on account of VAT.

Trade payables and contract liabilities amounted to € 480,808 thousand at 31 December 2022 against a balance of € 413,374 thousand at 31 December 2021, showing an increase of € 67,434 thousand, mainly due to an increase in the prices, especially energy prices.

Other current operating payables showed a balance of € 169,667 thousand at 31 December 2022 (€ 167,457 thousand at 31 December 2021) and are mainly made up of the following items:

- payables to employees of € 53,087 thousand (€ 48,566 thousand at 31 December 2021) including the current monthly salaries to be paid in the months after the end of the financial period, as well as payables for additional monthly salary to be paid (a portion of the 14th salary, to be paid every year in the month of July, and of the 13th salary, to be paid every year in December). Furthermore, the corresponding payables to social security institutions were recognized for € 17,113 thousand (€ 19,575 thousand at 31 December 2021);
- payables due to tax authorities for € 8,409 thousand mainly relating to the balance of payables for VAT payments on the part of some Group companies and of the IRPEF (Personal Income) tax payable for employees (€ 9,103 thousand at 31 December 2021);
- collections on behalf of Temporary Associations of Companies (TJA) for € 7,833 thousand, which relate to the amounts collected by the Group, on behalf of third parties, mainly relating to job orders under CONSIP agreement (€ 5,556 thousand at 31 December 2021).

Other current liabilities also include the residual balance of € 66,581 million of the liability recognized 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 amounts in the taxpayers' list on the part of the Revenue Agency, subject of a payment plan of no. 72 monthly installments sent on 22 December 2020 (for an initial debt equal to € 82.2 million).

20. REVENUES FROM CONTRACTS WITH CUSTOMERS

The table below sets forth the breakdown of the item for the years ended 31 December 2022 and 31 December 2021:

	For the year ended	
	31 December 2022	31 December 2021
Revenues from product sales	26,720	28,857
Service revenues	1,136,830	978,634
Revenues from construction activities and plant installation	83,090	86,215
Other sales revenues	43,968	25,053
REVENUES FROM CONTRACT WITH CUSTOMERS	**1,290,608**	**1.118,759**

At 31 December 2022 *Revenue from contracts with customers* amounted to €1,290,608 thousand (€ 1,118,759 thousand at 31 December 2021). The item showed an increase of € 171,849 thousand, with a contribution from foreign companies equal to € 30,929 thousand, thanks to the positive performance of the Group controlled by Rekeep Polska and by the French subsidiaries in the healthcare sector.

The Group's result for the period relating to revenues was affected by an increase in the turnover from energy contracts, and therefore, in the Healthcare and Public Authorities markets. The growth trend in revenues, mainly in the Healthcare market which has now reached 61% of the consolidated portfolio of revenues, was contributed to by the acquisition of new orders and the renewal of portfolio contracts due to expire, both in the domestic and foreign areas (mainly Poland and France). The subsidiaries specializing in the sales of PPE, Medical Device e U.Jet, are bucking the trend following the reduction in extraordinary sales of this devices carried out throughout 2021 at the same time as the Covid-19 emergency.

21. OTHER REVENUES

Si The table below sets forth the breakdown of the item for the years ended 31 December 2022 and 31 December 2021:

	For the year ended	
	31 December 2022	31 December 2021
Grants	620	531
Asset capital gains	256	928
Compensation for damages	579	699
Revenues for leases and rentals	1	12
Other revenues	2,312	1,096
OTHER REVENUES	**3,768**	**3,266**

At 31 December 2022 the balance of *Other revenues* amounted to € 3,768 thousand compared to € 3,266 thousand in 2021, showing an increase of € 502 thousand.

Operating grants, amounting to € 620 thousand in 2022, mainly related to grants on training projects for subordinate staff and development of remote working projects.

Finally, "Otherrevenues" mainly include unsecured grants that the Polish government has disbursed to the companies in the Rekeep Polska.

22. COSTS OF RAW MATERIALS AND CONSUMABLES AND CHANGE IN INVENTORIES OF FINISHED AND SEMI-FINISHED PRODUCTS

The breakdown of the item is shown below for the years ended 31 December 2022 and 31 December 2021:

	For the year ended	
	31 December 2022	**31 December 2021**
Fuel consumption	140,807	62,961
Consumption of raw materials	189,329	130,975
Purchase of semi-finished/finished products	631	619
Products of auxiliary materials and consumables	14,212	11,229
Packaging	2,585	2,424
Change in inventories of fuel and raw materials	967	2,347
Other purchases	4,048	4,411
CONSUMPTION OF RAW MATERIALS AND CONSUMABLES	**352,579**	**214,966**
Change in inventories of finished and semi-finished products	(217)	918
CHANGE IN INVENTORIES OF FINISHED AND SEMI-FINISHED PRODUCTS	**(217)**	**918**

At 31 December 2022 the item amounted to € 352,579 thousand compared to € 214,966 thousand at 31 December 2021. The increase, equal to € 137,613 thousand, was mainly due to an increase in the prices of fuels and raw materials (mainly electricity), which had arisen in the second half of the previous year and continued throughout 2022. In the financial year ended 31 December 2022 the impact of higher costs 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 amended, as partial compensation, with incremental percentages over time, for the higher costs incurred for the purchase of electricity and natural gas as from the second quarter of the year, totalling € 12,203 thousand on the cost of natural gas and € 15,526 thousand on costs for electricity.

Other purchases include costs for other materials such as clothing and PPE for the staff members employed on site at customers' premises.

The change in inventories of finished products was mainly due to the production by Medical Device S.r.l. and U.Jet S.r.l. of medical devices and PPE.

23. COSTS FOR SERVICES AND USE OF THIRD PARTY ASSETS

The breakdown of the item is shown below for the years ended 31 December 2022 and 31 December 2021:

	For the year ended	
	31 December 2022	**31 December 2021**
Third-party services	207,911	208,907
Consortia services	11,419	10,264
Equipment maintenance and repair	8,016	8,193
Professional services	40,414	32,961
Statutory Auditors' fees	342	357
Transport	12,638	12,702
Advertising and promotion	560	455
Bonuses and commissions	249	287
Insurance and sureties	7,270	6,368
Bank services	387	390
Utilities	14,166	8,636
Travel expenses and reimbursement of expenses	2,788	2,733
Employee services	7,400	7,493
Other services and contingent items	10,971	11,724
Costs for services	**324,531**	311,470
Rent expense and Hires	5,458	5,700
Hiring of equipment and others	5,888	6,182
Costs for leased assets	**11,346**	11,882
COSTS FOR SERVICES AND USE OF THIRD PARTY ASSETS	**335,877**	**323,352**

For the year ended 31 December 2022 *Costs for services and use of third party assets* totaled € 335,877 thousand, marking an increase of € 12,525 thousand compared to the balance of the item recorded in the previous year.

The change was mainly generated by an increase in the cost for utilities of € 5,530 thousand, partially offset by tax credit on electricity as already commented on above, which had an impact on the item for € 235 thousand.

Furthermore, there also was an increase in costs for professional and third-party service: this change was closely related to higher volumes and depending on the structure of the mix of production factors in the performance of some activities, as detailed in note 24 below.

24. PERSONNEL COSTS

The breakdown of the item is shown below for the years ended 31 December 2022 and 31 December 2021:

	For the year ended	
	31 December 2022	**31 December 2021**
Wages and salaries	333,981	320,106
Social security charges	82,837	78,174
Secondment costs	24,421	30,756
ESI paid to INPS (National Social Security Institute) and to funds	22,978	23,553
Directors' fees	663	949
Other personnel costs	1,970	3,122
Current benefits	466,850	456,660
Employee termination indemnity provision	1,645	739
Subsequent benefits	1,645	739
Employment termination benefits	911	2,797
Employment termination benefits	911	2,797
PERSONNEL COSTS	**469,406**	**460,196**

At 31 December 2022, Personnel Costs amounted to € 469,406 thousand, showing an increase of € 9,210 thousand compared to the previous year (when they amounted to € 460,196 thousand).

The total change in Group personnel costs is necessarily correlated to the cost of services, as the mix of production costs linked to "internal" work (i.e. work performed by employees of Group companies) and "external" work (i.e. work performed by third-party providers) can change significantly according to organizational changes aimed at increasing overall productivity.

The ratio between *Revenues from sales and services* and the total amount of costs for internal personnel (“make”) and services costs (“buy”) relating to third-party services, services provided by consortia and professional services, came to 177% at 31 December 2022 against 156% at 31 December 2021. The “make-or-buy ratio” shows that the Group is continuing to implement an organizational preference for producing by greater recourse to internal production factors than to purchasing services from external sources.

The cost of personnel related to the work performed in Italy was € 354,524 thousand (€ 358,812 thousand at 31 December 2021).

25. OTHER OPERATING COSTS

The breakdown of the item is shown below for the years ended 31 December 2022 and 31 December 2021:

	For the year ended	
	31 December 2022	**31 December 2021**
Capital losses on disposals of assets	72	55
Losses on receivables	25	14
Other taxes	2,273	2,083
Fines and penalties	1,980	1,815
Credit Discount on assignments of receivables	146	213
Other operating costs and contingent items	6,427	9,426
OTHER OPERATING COSTS	**10,923**	**13,606**

Other operating costs amounted to € 10,923 thousand, showing a decrease of € 2,693 thousand compared to the balance for the previous year (€ 13,606 thousand at 31 December 2021).

While analyzing he details of the item, we must note an increase in other duties, fine and penalties, while there was a drop in other operating costs, which had also included non-recurring charges in the previous year for the termination of business relationships with shareholders of a subsidiary.

26. AMORTIZATION/DEPRECIATION, WRITE-DOWNS AND WRITE-BACKS OF ASSETS

The breakdown of the item is shown below for the years ended 31 December 2022 and 31 December 2021:

	For the year ended	
	31 December 2022	**31 December 2021**
Amortization of intangible assets	5,789	6,325
Depreciation of owned property, plant and equipment	23,932	22,680
Amortization of Rights of use	9,860	8,767
Write-downs of receivables, net of releases	2,181	3,619
Write-down of property, plant and equipment	128	76
Other write-downs	22	10
AMORTIZATION/DEPRECIATION, WRITE-DOWNS AND WRITE-BACK OF ASSETS	**41,912**	**41,477**

At 31 December 2022 *Amortization/depreciation, write-downs and write-backs of assets* amounted to € 41,477 thousand, showing an increase of € 435 thousand compared to the balance of item in the previous year.

Specifically the following changes must be noted in the financial year:

- an increase in amortization/depreciation for a total of € 1,809 thousand, mainly attributable to property, plant and equipment, both owned and leased;
- a reduction in write-downs of receivables made for € 1,438 thousand.

27. DIVIDENDS, INCOME AND LOSSES FROM INVESTMENTS

The breakdown of the item is shown below for the years ended 31 December 2022 and 31 December 2021:

	For the year ended	
	31 December 2022	**31 December 2021**
Dividends	490	302
Capital gains (capital losses) from sale of equity investments	(968)	1,196
DIVIDENDS, INCOME AND LOSSES FROM INVESTMENTS	**(478)**	**1,498**

In 2022, dividends were collected from other companies not included under the scope of consolidation for € 490 thousand, relating to investee companies of the Parent Company Rekeep S.p.A..

Capital gains (capital losses) from sale of equity investments included a capital loss generated by the deconsolidation of the Turkish company Rekeep United Yönetim Hizmetleri A.Ş. following the sale to the minority shareholder, which took place in the last quarter of 2022 (however, there was no effect on the separate Financial Statements of the direct controlling company Rekeep World S.r.l.). As at 31 December 2021, on the other hand, this item included net capital gains obtained by Servizi Ospedalieri S.p.A. following the sale of the associate Fratelli Bernard S.r.l. on 28 December 2021, and by Rekeep S.p.A. on the sale of an associate on 4 January 2021, which generated a net capital gain of € 638 thousand in the consolidated financial statements.

28. FINANCIAL INCOME

The breakdown of the item is shown below for the years ended 31 December 2022 and 31 December 2021:

	For the year ended	
	31 December 2022	**31 December 2021**
Interest on bank current accounts	28	210
Interest on non-property and intercompany current accounts	255	163
Interest on trade receivables	1,977	318
Interest from discounting of non-interest bearing loans	3	3
Interest and other income from securities	1	1
Other financial income	509	360
FINANCIAL INCOME	**2,773**	**1,055**

Financial income recorded an increase equal to € 1,718 thousand compared to the previous year through the recognition of default interest income to a customer in court for € 1,498 thousand.

29. FINANCIAL COSTS

The breakdown of the item is shown below for the years ended 31 December 2022 and 31 December 2021:

	For the year ended	
	31 December 2022	**31 December 2021**
Interest on bank loans and current account overdrafts	1,834	413
Other financial costs	29,058	30,230
Financial costs for leases	1,070	1,782
Financial costs on intercompany loans	24	67
Interest discount on assignments of receivables without recourse	3,360	5,259
Interest on trade payables	535	224
Other financial costs	7,687	31,706
FINANCIAL COSTS	43,568	69,681
Exchange rate adjustments	(876)	(424)
PROFIT (LOSS) ON EXCHANGE RATE	**(876)**	**(424)**

Financial costs showed a total decrease of € 26,113 thousand in 2022 compared to the previous year, when non-recurring financial costs were recognized for a total of € 25,240 thousand.

The change in this item was significantly affected by the refinancing transaction carried out by the Parent Company Rekeep S.p.A., which entailed an early redemption of the Senior Secured Notes issued in 2017, due 2022 and a coupon at an annual fixed rate of 9% (for a nominal value of € 333.9 million at the settlement date), as well as the issue of new Senior Secured Notes due 2026 and a coupon at an annual fixed rate of 7.25% for a total amount of € 370.0 million. At the same time as the bond issue the Revolving Credit Facility line of € 50.0 million was repaid and a new facility was signed for a maximum amount of € 75.0 million. This transaction entailed the payment of non-recurring financial charges totaling € 23,674 thousand during 2021.

With reference to the Senior Secured Notes, *Financial charges on other loans* included financial costs on the coupons of the Notes (payable with a coupon on a six-monthly basis on 1 February and 1 August), which accrued for € 26,850 thousand in 2022, down by € 664 thousand compared the balance recorded in the previous year (€ 27,514 thousand, of which € 2,254 thousand related to interest accrued on previous notes before the sale). On the other hand, *Other financial costs* included financial charges for amortized cost accrued in 2022 for € 1,516 thousand, against costs of € 1,358 thousand (excluding € 5,818 thousand related

to the write-off of the residual additional costs to the issue in 2017, which was included under other non-recurring costs mentioned above).

Other financial costs also included amortization charges of the initial costs for the new facility *Super Senior Revolving Credit Facility* ("RCF"). These costs, which were initially equal to € 1,260 thousand, were also amortized on a straight-line basis throughout the term of the credit facility and gave rise to amortization charges of € 280 thousand in 2022 against € 258 thousand in the previous year (to which must be added € 264 thousand related to the reversal through profit or loss of the residual portion of the costs concerning the previous RCF facility, as already included among non-recurring costs). Other financial charges incurred for the Super Senior Revolving Facility included commitment fees charged by banks equal to € 536 thousand in 2022 (€ 673 thousand at 31 December 2021). Finally, with regard to the facility, interest on temporary partial uses accrued for € 982 thousand in 2022, which was included in the item *Charges on other loans*, while the facility had been used only from the second half of the previous year, thus generating financial costs equal to € 223 thousand.

For the sake of completeness, it should be noted that *Other financial costs* in 2021 included additional non-recurring financial costs of € 17,592 thousand related to the refinancing transaction, of which € 15,026 thousand related to early redemption costs on the basis of the redemption premium set in the rules of the Senior Secured Noted and € 2,567 thousand due to bank fees correlated to the new issue.

Finally, the Group recorded charges correlated to the assignments of trade receivables without recourse and VAT made during the year for € 3,360 thousand at 31 December 2022, of which € 220 thousand related to the assignments of VAT receivables requested for refund (totaling € 5,259 thousand at 31 December 2021, of which an amount of € 1,566 thousand against a non-recurring spot assignment of a portfolio of NPLs), financial costs for assignment with recourse and reverse factoring for € 1,640 thousand and financial costs accrued on lease financial liabilities equal to € 1,070 thousand (€ 1,782 thousand in 2021).

30. CURRENT AND DEFERRED TAXES

The breakdown of the item is shown below for the years ended 31 December 2022 and 31 December 2021:

	For the year ended	
	31 December 2022	**31 December 2021**
Current IRES tax	8,362	12,685
Current IRAP tax	5,132	5,447
(Income) costs from tax consolidation	(1,513)	(2,237)
Adjustments to current taxes of previous years	(7,027)	413
Current taxes	**4,954**	**16,308**
Deferred IRES tax	(618)	1,520
Deferred IRAP tax	(73)	(56)
Deferred taxes relating to previous years	(513)	(29)
Deferred taxes	**(1,204)**	**1,435**
CURRENT AND DEFERRED TAXES	**3,750**	**17,743**

In 2022 the Group recorded taxes totaling € 3,750 thousand, marking a decrease of € 13,993 thousand compared to the taxes recognized at 31 December 2021.

More specifically, the main changes are as follows:

- a decrease of € 4,323 thousand in the current IRES tax balance;
- a decrease of € 315 thousand in the current IRAP tax balance;
- a decrease of € 7,440 thousand in the balance of income from tax consolidation;
- positive adjustments to current taxes relating to previous years for € 7,027 thousand against negative adjustments equal to € 413 thousand at 31 December 2021;
- the recognition of a net income of € 1,204 thousand, relating to the total balance of prepaid and deferred taxes against a net charge of € 1,435 thousand at 31 December 2021. The future recovery of deferred tax assets has been assessed on the basis of the same forecasts as those used by the Management for the impairment test on goodwill (see note 7).

In 2022 the parent company Rekeep S.p.A. and its subsidiaries H2H Facility Solutions S.p.A. and Servizi Ospedalieri S.p.A. submitted the supplementary tax returns of Income 2017-2022 and IRAP (Regional Production Activity Tax) 2017 – 2022, recording income totaling € 6.2 million.

At 31 December 2022 the Group recognized Current tax receivables for a total amount of € 8,671 thousand and Current tax payables equal to € 21 thousand, relating to the netbalance of the excess IRES tax advances paid to the Tax Office or receivables from parent company MSC, which arose within the scope of the national tax consolidation in force with some Group companies.

The reconciliation between current income taxes accounted for and the theoretical tax resulting from the application of the IRES tax rate in force for the years ended 31 December 2022 and 31 December 2021 to pre-tax profit is set out below. The theoretical IRES tax rate applicable in Italy is 24% of taxable income for the financial period. The table includes the effects on current IRES tax arising from the recognition of income from participation in the tax consolidation scheme. The theoretical IRAP tax rate applicable in Italy varies by region and business sector. The taxes of foreign companies are calculated on the basis of rates that are applicable at local level.

	31 December 2022		31 December 2021	
		%		%
PRE-TAX PROFIT	31,247		(3,259)	
of which Discontinued operations	0		*16*	
Current taxes calculated in Italy – IRES tax	7,419		11,368	
(Income)/ costs from national tax consolidation	(1,514)		(2,237)	
Current taxes calculated in Italy - IRAP tax	5,132		5,447	
Current taxes calculated abroad	943		1,316	
Taxes for previous years	(7,027)		413	
EFFECTIVE TAX / RATE	**4,954**	**15.85%**	**16,307**	**N/A**

Deferred tax assets and liabilities

As at 31 December 2022 the Group recorded deferred tax assets of € 17,968 thousand, net of deferred tax liabilities of € 15,819 thousand, as shown below:

	Tax effect on thebalance sheet			Tax effect through P&L	Tax effect on equity
	31 December 2021	of which Business Combinations	31 December 2022	31 December 2022	31 December 2022
Deferred tax assets:					
Expected credit losses	2,751		2,539	(206)	
Provisions for risks and charges	4,663		5,180	517	
Amortization	891		1,351	460	
Interest expense	3,086		3,090	0	
Cash cost deduction	35		17	5	
Other consolidation adjustments	380		291	69	
Other temporary adjustments	3,977		5,500	(324)	2,620
Foreign exchange effect					(956)
Total deferred tax assets	**15,783**	**0**	**17,968**	**521**	**1,664**
Deferred tax liabilities:					
Goodwill amortization	(11,528)		(11,605)	(77)	
Purchase Price Allocation	(1,472)		(1,405)	67	
Cash cost deduction	(665)		(25)	640	
Employee benefit discounting	3				
Other consolidation adjustments	(203)		(63)	141	
Other temporary differences	(2,520)		(2,721)	(85)	(5)
Foreign exchange effect					(115)
Total deferred tax liabilities	**(16,384)**	**0**	**(15,819)**	**685**	**(120)**
NET DEFERRED TAXES	**(601)**	**0**	**2,149**	**1,206**	**1,544**

31. EARNINGS PER SHARE

Basic earnings per share are calculated by dividing consolidated net profit in the year pertaining to the Parent Company's ordinary shareholders by the weighted average number of outstanding ordinary shares during the year. Diluted earnings per share are, in the case of the Rekeep Group, equal to basic earnings per share, since no convertible bonds or share options were issued by the Parent Company.

Income and information on the shares used for the purpose of calculating consolidated basic earnings per share are shown below:

	For the year ended	
	31 December 2022	31 December 2021
Net profit /(loss) attributable to shareholders (in thousands of Euro)	27,131	(22,588)
Number of ordinary shares (excluding own shares) for the purpose of basic earnings per share	109,149,600	109,149,600
BASIC AND DILUTED EARNINGS PER SHARE (IN EURO)	**0.249**	**N.A.**

	For the year ended	
	31 December 2022	31 December 2021
Net profit /(loss) from continuing operations (in thousands of Euro)	27,499	(21,001)
Net profit /(loss) from continuing operations pertaining to minority interests (in thousands of Euro)	(368)	(1,603)
Net profit from continuing operations pertaining to the Group (in thousands of Euro)	27,131	(22,604)
Number of ordinary shares for the purpose of basic earnings per share	109,149,600	109,149,600
BASIC AND DILUTED EARNINGS PER SHARE OF CONTINUING OPERATIONS (IN EURO)	**0.249**	**N.A.**

No other transactions were performed regarding ordinary shares or potential ordinary shares between the balance sheet date and the date the financial statements were drafted.

32. OPERATING SEGMENTS

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

Information on the operating segments for the financial year ended 31 December 2022

	Facility Management	Laundering & Sterilization	Eliminations	Total
Segment revenues	1,158,704	144,503	(8,832)	1,294,376
Segment costs	(1,091,373)	(140,892)	8,832	(1,223,433)
Operating income (loss) by segment	**67,331**	**3,612**	**0**	**70,943**
Share of net profit of associates	496	206		702
Net financial income (costs)				(40,398)
Profit (loss) before taxes				**31,247**
Income taxes				(3,747)
NET PROFIT (LOSS) FOR THE YEAR ENDED 31 DECEMBER 2022				**27,499**

	Facility Management	Laundering & Sterilization	Eliminations	Total
Assets allocated to the segment	634,684	147,886	(7,882)	774,688
Goodwill	388,752	16,183		404,935
Investments	11,797	4,321		16,118
Other assets not allocated and related taxes				145,203
SEGMENT ASSETS AT 31 DECEMBER 2022	**1,035,233**	**168,391**	**(7,882)**	**1,340,945**
Liabilities allocated to the segment	649,059	67,943	(7,882)	709,120
Other liabilities not allocated and related taxes				558,867
SEGMENT LIABILITIES AT 31 DECEMBER 2022	**649,059**	**67,943**	**(7,882)**	**1,267,987**

	Facility management	Laundering & Sterilization	Total
OTHER SEGMENT INFORMATION AT 31 DECEMBER 2022			
Investments in segment assets	35,178	22,740	**57,918**
Amortization/depreciation and write-downs of segment assets	20,381	21,531	**41,912**

Information on the operating segments for the financial year ended 31 December 2021

	Facility Management	Laundering & Sterilization	Eliminations	Total
Segment revenues	975,196	150,471	(3,642)	1,122,026
Segment costs	(927,216)	(136,273)	3,642	(1,059,846)
Operating income (loss) by segment	**47,981**	**14,199**	**0**	**62,179**
Share of net profit of associates	916	351	0	1,267
Net financial income (costs)				(66,704)
Profit (loss) before taxes				**(3,258)**
Income taxes				(17,743)
Profit (loss) from discontinued operations				16
NET PROFIT (LOSS) FOR THE YEAR ENDED 31 DECEMBER 2021				**(20,985)**

	Facility Management	Laundering & Sterilization	Eliminations	Total
Assets allocated to the segment	492,850	139,427	(2,709)	629,568
Goodwill	388,752	15,954		404,706
Investments	12,111	4,182		16,294
Other assets not allocated and related taxes				143,306
SEGMENT ASSETS AT 31 DECEMBER 2021	**893,713**	**159,563**	**(2,709)**	**1,193,873**
Liabilities allocated to the segment	571,227	61,287	(2,709)	629,805
Other liabilities not allocated and related taxes				512,735
SEGMENT LIABILITIES AT 31 DECEMBER 2021	**571,227**	**61,287**	**(2,709)**	**1,142,540**

OTHER SEGMENT INFORMATION AT 31 DECEMBER 2021	Facility management	Laundering & Sterilization	Total
Investments in segment assets	11,177	15,940	**27,117**
Amortization/depreciation and write-downs of segment assets	21,277	20,200	**41,477**

Geographical areas

The Group conducts its core business in Italy. At 31 December 2022 the activities conducted abroad were still marginal for the Group, although on the rise, and generated revenues amounting to € 186,204 thousand (€ 154,484 thousand at 31 December 2021).

The information by geographical area required by IFRS 8 is shown below for the years ended 31 December 2022 and 2021.

INFORMATION BY GEOGRAPHICAL AREA AT 31 DECEMBER 2022	Italy	Foreign countries	Eliminations	Total
Revenues	1,108,172	186,204		**1,294,376**
Non-current operating assets	548,150	26,052		**574,202**

INFORMATION BY GEOGRAPHICAL AREA AT 31 DECEMBER 2021	Italy	Foreign countries	Eliminations	Total
Revenues	967,542	154,484		**1,122,026**
Non-current operating assets	536,540	17,610		**554,150**

33. COMMITMENTS AND GUARANTEES

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

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

The tables below report the breakdown of the amount of future payments under lease agreements and their present value at 31 December 2022 and 31 December 2021:

	31 December 2022		31 December 2021	
	Lease payments	**Present value of lease payments**	**Lease payments**	**Present value of lease payments**
Within 1 year	21,243	20,180	10,555	8,946
From one year to five years	25,720	23,833	29,536	25,976
After 5 years	6,325	4,943	10,323	9,184
TOTAL LEASE PAYMENTS	**53,288**	**48,956**	**50,413**	**44,107**
Financial charges	(4,332)		(6,306)	
PRESENT VALUE OF LEASE	**48,956**	**48,956**	**44,107**	**44,107**

Furthermore, as at 31 December 2022, the Group granted sureties to third parties fo:

- guarantees for financial obligations of € 9,652 thousand (€ 10,459 thousand at 31 December 2021), of which € 789 thousand issued in the interest of associates for overdrafts and other financial obligations (€ 2,420 thousand at 31 December 2021);
- sureties issued to third parties to ensure the correct fulfillment of contract obligations in place with customers amounting to € 376,420 thousand (€ 342,774 thousand at 31 December 2021), of which € 1 thousand issued in the interest of associates (unchanged compared to 31 December 2021);
- other guarantees issued by third parties in favor of associates, joint ventures and other shareholdings amounting to € 9,993 thousand (€ 6,619 thousand at 31 December 2021);

- other guarantees granted to third parties to replace security deposits required to activate utilities or for lease contracts, as well as to the Inland Revenue Agency for VAT refunds, for a total amount of € 109,193 thousand (€ 76,889 thousand at 31 December 2021).

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

On 18 January 2021, Rekeep S.p.A. announced the launch of an offering of Senior Secured Notes for a total nominal amount of € 350 million. The transaction was successfully formalized on 28 January 2021 with an issue at par due 2026, an annual fixed coupon of 7.25% (payable on a six-monthly basis on 1 February and 1 August, as from 1 August 2021) and non-callable repayment until 1 February 2023. On 9 February 2021, the Company also issued additional Senior Secured Notes with a par value of € 20 million at an issue price of 102.75% plus an amount equal to the interest that would have accrued on the Notes until (and excluding) 9 February 2021 in the event of them being issued on 28 January 2021. These Notes are regulated by the same terms and conditions as those issued previously (annual rate of 7.25% and due 2026) and will be formally registered in the same series as the latter ones.

At the same time as the issue of 28 January 2021, Rekeep S.p.A. finally signed a new revolving loan agreement that will guarantee a senior secured line of credit ("RCF") for an amount of up to € 75 million, to be used for general purposes and to manage the working capital of the Issuer and Servizi Ospedalieri S.p.A..

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

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

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

The guarantees listed above may be enforced by the counterparties only in the case that one of the events of default envisaged in the above mentioned contracts occurs; up to the occurrence of the same, the assets covered by the guarantee are fully available to the Rekeep Group companies. At 31 December 2022 no events of default had occurred.

34. TRANSACTIONS WITH RELATED PARTIES

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

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

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

Finally, in certain cases the Parent Company provides and performs technical services and works for individuals who hold top management positions within the Group, according to contracts entered into at arm's length. As at 31 December 2022 no advances had been recognized, which had been previously collected in consideration of these services (€ 188 thousand at 31 December 2021).

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

- Until 12 December 2022 MSC S.p.A. leased to the Parent Company Rekeep S.p.A. the part of the property located in Zola Predosa, via Poli no. 4 (BO), for office use. The lease, which had a term of five years and an expected annual rent of € 1,320 thousand to be paid in 12 monthly installments, was terminated as a result of the withdrawal by the lessee under an agreement signed between the same parties for the assignment of the property leases previously existing between MSC S.p.A. and MPS Leasing & Factoring S.p.A. (for more details, reference should be made to the information already provided in the notes reported above);
- MSC S.p.A. also sub-leased to Rekeep S.p.A. the part of the property located in Mestre (VE), via Porto di Cavergnago no. 6, for office use. The lease has a term of six years and is tacitly renewable. Annual rent is expected to be € 325 thousand to be paid in 12 monthly installments.
- Rekeep S.p.A. disbursed to the controlling company MSC Società di Partecipazione tra Lavoratori S.p.A. a short-term interest-bearing upstream loan on the basis of the agreement signed on 5 November 2021; this loan, which constitutes a profitable alternative for the Parent Company to use available cash, has a term of one year and accrues interest at 3-month EURIBOR plus a spread;

- Sacoa S.r.l., a subsidiary of MSC S.p.A., is committed, on the basis of contracts entered into with Rekeep S.p.A. and other companies of the Rekeep Group, to prepare pay packets; the transaction was completed on 1 January 2023, at the same time as the effectiveness of the acquisition of the "Major Customers" business unit, as detailed in the paragraph on "Subsequent events");
- Rekeep S.p.A. signed agreements with MSC and the other Group companies for the provision of tax consultancy services.

The breakdown of the balances relating to the transactions carried out by the Group's Companies with related parties is provided in Annex III attached to the Consolidated Financial Statements.

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

Pursuant to art. 2497-bis, paragraph 4 of the Italian Civil Code, the highlights of the latest set of approved financial statements are provided below:

	31 December 2021	31 December 2020
BALANCE SHEET		
ASSETS		
A) Subscribed capital unpaid	6	27
B) Fixed assets	96,514	127,428
C) Current assets	12,289	10,409
D) Accrued income and prepaid expenses	542	733
TOTAL ASSETS	**109,351**	**138,596**
LIABILITIES		
A) Shareholders' equity:		
Share capital	3,608	4,564
Reserves	98,906	285,866
Profit/(Loss) for the year	(26,768)	(186,960)
B) Provisions for risks and charges	129	315
C) Employee Severance Indemnity	683	878
D) Payables	32,763	33,343
E) Accrued expenses and deferred income	30	590

	31 December 2021	31 December 2020
TOTAL LIABILITIES	**109,351**	**138,596**
INCOME STATEMENT		
A) Value of production	30,821	30,447
B) Costs of production	(29,698)	(28,917)
C) Financial income and costs	700	1,331
D) Value adjustments to financial assets	(28,449)	(189,046)
Income taxes for the year	(142)	(776)
Profit/(Loss) for the year	**(26,768)**	**(186,960)**

Remuneration of members of the Governing and Control Bodies, as well as of other executives with strategic responsibilities

Fees paid to members of governing and control bodies reported below include the total fees paid to the members of these corporate bodies in 2022, as well as those paid to executives with strategic responsibilities in the Parent Company, including for roles held in other Group companies:

	31 December 2022	31 December 2021
Board of Directors		
Short-term benefits	296	463
Post-employment benefits	0	0
TOTAL BOARD OF DIRECTORS	**296**	**463**
Executives with strategic responsibilities		
Short-term benefits	2,918	4,281
Post-employment benefits	111	125
TOTAL EXECUTIVES WITH STRATEGIC RESPONSIBILITIES	**3,029**	**4,406**
Board of Statutory Auditors		
Short-term benefits	92	102
TOTAL BOARD OF STATUTORY AUDITORS	**92**	**102**

The table below reports the fees accounted for in the 2022 consolidated income statement for audit and non-audit services rendered by EY S.p.A. and by other entities in its network:

	31 December 2022	31 December 2021
Audit services	653	698
Certification services	33	20
Other services	68	909
TOTAL FEES DUE TO EY S.P.A. NETWORK COMPANIES	**753**	**1,627**

Audit services include the fees paid for the audit of annual and interim consolidated financial statements, as well as of the separate Financial Statements of the Parent Company and of some subsidiaries.

Certification services relate to the fees paid for the issue of tax compliance certificates and the engagements for performance of agreed-upon procedures.

Other services mainly concerned advice services concerning the start-up of the Group's foreign operations.

35. MANAGEMENT OF FINANCIAL RISKS

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

On 18 January 2021, Rekeep S.p.A. completed the issue at par of Senior Secured Notes for a total nominal amount of € 350 million due 2026, an annual fixed coupon of 7.25% (payable on a six-monthly basis on 1 February and 1 August, as from 1 August 2021) and non-callable repayment until 1 February 2023. The stock was admitted for listing on the EURO MTF multilateral trading facility managed by the Luxembourg Stock Exchange and on the ExtraMOT multilateral trading facility, PRO segment, organized and managed by Borsa Italiana S.p.A.. On 9 February 2021, the Company also issued additional Senior Secured Notes with a par value of € 20 million at an issue price of 102.75% plus an amount equal to the interest that would have accrued on the Notes until (and excluding) 9 February 2021 in the event of them being issued on 28 January 2021. These Notes are regulated by the same terms and conditions as those issued previously (annual rate of 7.25% and due 2026) and will be formally registered in the same series as the latter ones.

The transaction enabled the Parent Company Rekeep S.p.A. to early repay the previous high-yield bond issue named "€360,000,000 9.0% Senior Secured Notes due 2022".

The other traditional financing instruments used by the Group Companies are made up of:

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

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

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

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

The table below shows the hierarchical levels for each class of financial asset measured at fair value on 31 December 2022 and 31 December 2021:

	Hierarchy Levels				Hierarchy Levels			
	31 December 2022	**Level 1**	**Level 2**	**Level 3**	**31 December 2021**	**Level 1**	**Level 2**	**Level 3**
Financial assets measured at fair value through profit or loss								
Financial assets, securities and other non-current financial assets	**1,101**	101		1,000	**101**	101		
- of which securities	**1,101**	101		1,000	**101**	101		
Available for sale financial assets								
Financial assets and other current financial assets	**0**				**0**			
- of which securities	**0**				**0**			
- of which hedging derivatives	**0**				**0**			
- of which non-hedging derivatives	**0**				**0**			
TOTAL FINANCIAL ASSETS	**1,101**	**101**		**1,000**	**101**	**101**		

The other financial assets posted in the Statement of financial position are not measured at fair value and the Group has no financial liabilities measured at fair value at 31 December 2022 and 31 December 2021. During the year under consideration there were no transfers between fair value measurement levels.

There were no changes in allocation of financial assets that led to a different classification of asset. The Group does not hold instruments to warrant amounts receivable to mitigate credit risk. The carrying amount of financial assets, therefore, represents its potential credit risk.

Classes of financial assets and liabilities

The following table shows the classification of financial assets and liabilities recorded in the consolidated Financial Statements of the Rekeep Group, as required by IFRS 7, and the associated economic effects for the year ended 31 December 2022:

	31 December 2022	Financial Assets at Fair value through OCI	Financial Assets at amortized cost
NON-CURRENT FINANCIAL ASSETS			
Other investments	5,996	5,996	
Non-current financial assets	24,202		24,202
Other non-current assets	3,104		3,104
Total non-current financial assets	**33,302**	**5,996**	**27,306**
CURRENT FINANCIAL ASSETS			
Trade receivables and advances to suppliers	537,227		537,227
Current tax receivables	8,671		8,671
Other current assets	59,211		59,211
Current financial assets	7,017		7,017
Cash and cash equivalents	84,243		
Total current financial assets	**696,369**	**0**	**612,126**
TOTAL FINANCIAL ASSETS	**729,671**	**5,996**	**639,432**
FINANCIAL INCOME (COSTS)	**3,171**	**(478)**	**3,649**

	31 December 2022	Financial Liabilities at Fair Value through profit or loss	Financial Liabilities at amortized cost
NON-CURRENT FINANCIAL LIABILITIES			
Non-current loans	408,608		408,608
Financial liabilities for non-current derivatives	0		0
Other non-current liabilities	1,991		1,991
Total non-current financial liabilities	**410,599**	**0**	**410,599**
CURRENT FINANCIAL LIABILITIES			
Trade payables and contract liabilities	480,808		480,808

	31 December 2022	Financial Liabilities at Fair Value through profit or loss	Financial Liabilities at amortized cost
Current tax payables	21		21
Other current liabilities	169,667		169,667
Bank borrowings and other financial liabilities	132,428		132,428
Total current financial liabilities	**782,924**	**0**	**782,924**
TOTAL FINANCIAL LIABILITIES	**1,193,523**	**0**	**1,193,523**
FINANCIAL INCOME (COSTS)	**(46,928)**	**0**	**(46,928)**

The same information is reported below for the financial year ended 31 December 2021:

	31 December 2021	Financial Assets at Fair value through OCI	Financial Assets at amortized cost
NON-CURRENT FINANCIAL ASSETS			
Other investments	7,140	7,140	
Non-current financial assets	4,702		4,702
Other non-current assets	3,232		3,232
Total non-current financial assets	**15,074**	**7,140**	**7,934**
CURRENT FINANCIAL ASSETS			
Trade receivables and advances to suppliers	443,248		443,248
Current tax receivables	5,278		5,278
Other current assets	24,133		24,133
Current financial assets	14,799		14,799
Cash and cash equivalents	99,512		
Total current financial assets	**586,970**	**0**	**487,458**
TOTAL FINANCIAL ASSETS	**602,044**	**7,140**	**495,392**
FINANCIAL INCOME (COSTS)	**2,977**	**752**	**2,225**

	31 December 2021	Financial Liabilities at Fair Value through profit or loss	Financial Liabilities at amortized cost
NON-CURRENT FINANCIAL LIABILITIES			
Non-current loans	412,883		412,883
Financial liabilities for non-current derivatives	0		0
Other non-current liabilities	1,391		1,391
Total non-current financial liabilities	**414,274**	**0**	**414,274**
CURRENT FINANCIAL LIABILITIES			
Trade payables and contract liabilities	413,374		413,374
Current tax payables	0		0
Other current liabilities	167,457		167,457
Bank borrowings and other financial liabilities	82,077		82,077
Total current financial liabilities	**662,908**	**0**	**662,908**
TOTAL FINANCIAL LIABILITIES	**1,077,182**	**0**	**1,077,182**
FINANCIAL INCOME (COSTS)	**(74,940)**	**0**	**(74,940)**

Liquidity risk

The Group's objective is to maintain a balance between funding and flexibility through the use of current account overdrafts, short-term bank loans (hot money and advances), leases and medium/long-term loans.

The Group is characterized by a labor-intensive model which does not involve significant requirements of capital for investments. However, the Group's customers are mainly composed of public authorities, known for long payment times in respect of the services provided. This aspect means the Group has to also finance working capital through bank indebtedness.

For this purpose the Group may make use of committed credit lines in the form of loans or of assignments without recourse of trade receivables and reverse factoring in order to meet financial requirements (if any).

On 17 January 2022, the Parent Company Rekeep S.p.A. and other subsidiaries signed a new agreement with BFF Bank S.p.A. for the non-recourse assignment of its own trade receivables for an amount of up to € 300 million. The agreement has a term of three years and provides for the possibility of assigning, without recourse and on a revolving basis, the amounts claimed from

Entities in the National Health System and Public Authorities. The new agreement replaces the previous one, which was also signed with BFF Bank S.p.A. in 2018 and which provided for an annual ceiling of up to € 200 million for the assignment of receivables of the same type.

Within the context of the abovementioned refinancing transaction, the Parent Company Rekeep S.p.A. also signed a Super Senior Revolving (RCF) loan agreement for a total amount of € 75 million, governed by English law. Specifically, the RCF loan agreement was entered into between, among others, Rekeep S.p.A., on the one hand, and Credit Suisse AG Milan Branch, Goldman Sachs Bank Europe SE, JP Morgan AG and Unicredit S.p.A. (as Mandated Lead Arrangers), Unicredit S.p.A. as Agent and Security Agent, and the Original Lenders, on the other hand. No amount arising from uses under the Super Senior Revolving Loan Agreement may be used, directly or indirectly, in order to,among other things, proceed with the repurchase or redemption of the Bond Issue or the purchase of shares in Rekeep S.p.A..

The Group's management believes that the structure of the financial debt maturity, as well as the availability of the abovementioned committed credit lines, allow the Group to meet its financial requirements in an adequate manner.

Price risk

Risks of this nature which the Group is exposed to could involve changes in the price:

- of oil products relating to heat management activities,
- of cotton, the raw material in the linen used for laundering activities.

However, concerning oil products, these changes are, for the most part, accommodated by the conditions of contracts in place with customers, given that price revision is provided for both by contract, and by art. 115 of Decree Law no. 163 of 12 April 2006. In fact, these clauses were activated during 2022, which was characterized by a sharp rise in energy prices, allowing the Group to mitigate their effects to a significant extent.

Credit risk

The Group's portfolio mix, which, in the past, was made up mainly of contracts with the Public Administration, a situation that did not present insolvency problems, but which required constant contact with customers in order to minimize delays caused by the Authority's red-tape and jointly resolve problems relating to their financial management. At present the portfolio mix also includes some large Italian industrial, commercial and banking groups, mainly organized as a network all over the country.

There are no significant credit concentration risks to report, which are carefully monitored by the Group. Furthermore, the Group has equipped itself over time with specific procedures and structures aimed at a more efficient management of its working capital, as well as of debt collection.

Fair value

The carrying amount of the Group's financial instruments recorded in the consolidated Financial Statements does not deviate from the fair value, including the value of those classified as assets held for sale. Market interest rates were applied to financial assets and liabilities as at the balance sheet date.

The comparison between the carrying amount and fair value of the main financial assets and liabilities is shown below:

	Carrying Amount		Fair value	
	31 December 2022	**31 December 2021**	**31 December 2022**	**31 December 2021**
FINANCIAL ASSETS				
Cash and cash equivalents	84,243	99,512	84,243	99,512
Receivables and other current financial assets	7,017	14,799	7,017	14,799
Other minority interests	5,996	7,140	5,996	7,140
Non-current financial receivables	24,202	4,702	24,202	4,702
FINANCIAL LIABILITIES				
Loans:				
- Variable rate loans	42,100	21,387	42,100	21,387
- Fixed rate loans	439,478	411,919	439,478	411,919
Other current financial liabilities	59,459	61,654	59,459	61,654

Interest rate risk

With the refinancing transaction carried out by the Parent Company Rekeep S.p.A., the Group has requalified its own financial structure, extending the maturity of the medium/long-term debt and keeping a short-term debt portion balanced with respect to the financing requirements of its working capital.

The main source of financing of the Rekeep Group consists of the Senior Security Notes bond issue with a coupon at a fixed rate of 7.25%.

In addition to the bond issue the Group uses, as medium/long-term financing, bank loans subject to the application of fixed interest rates and lease agreements subject to the application of variable interest rates.

The forms of short-term financing used by the Group, which are mainly subject to the application of variable rates which can be identified as the EURIBOR rate, include current account overdrafts, short- and very short-term (hot money) bank loans and assignments of receivables and reverse factoring.

The Group's indebtedness mix is then mainly linked to medium/long-term fixed interest rates.

The breakdown of financial instruments of the Group exposed to interest rate risks is listed in note 17, to which reference should be made as regards Loans, and in notes 9 and 12 to which reference should be made as regards *Non-current financial assets* and *Cash and cash equivalents*, *Receivables and other current financial assets*, respectively.

Interest rate sensitivity analysis

The structure of the consolidated debt is affected, to a marginal extent, by the changes in market rates, as it is mainly based on forms of financing subject to the payment of interest calculated on the basis of fixed rates, as described above. For the remaining amount, the Group makes recourse to variable rate loans, which are linked to the EURIBOR performance.

The table below shows the sensitivity of pre-tax profit for the year to reasonably possible variations in interest rates, all the other variables being kept constant.

	Increase / Decrease	**Effect of the profit (loss) gross of taxes**
Financial year ended 31 December 2022	+ 150 bps	(2,178)
	- 30 bps	436
Financial year ended 31 December 2021	+ 150 bps	(2,756)
	- 30 bps	551

The sensitivity analysis confirms the rigidity of the financial structure adopted by the Rekeep Group, which is mainly based on medium/long-term fixed-rate loans, as already detailed above.

Exchange rate risk

The Group companies have limited dealings with countries in different currencies; however, some companies operate in countries that are not part of the Eurozone. In relation to exchange rate risk, it should be noted that the amount of accounting balances denominated in currencies other than the functional currency is to be regarded as not significant compared to the Group's total revenues (15% at 31 December 2022).

Therefore, the Group remains exposed to exchange rate risk on the balances of assets and liabilities denominated in foreign currency at the end of the year.

The Group has neither entered into nor is planning to enter into hedging instruments against exchange rate fluctuations in the future.

Capital management

The key objective of the Group's capital management is to guarantee that a solid credit rating is maintained as well as adequate capital ratios to support operations and to maximize value for shareholders.

The Group manages the capital structure and amends it on the basis of changes in economic conditions. In order to maintain or adjust the capital structure, the Group can adjust the dividends paid to shareholders, repay principal or issue new shares.

The Group checks its debt ratio, by assessing the ratio of net debt to the total of own equity and net debt: interest-bearing loans, trade payables, other payables and provisions for employee severance indemnity net of cash and cash equivalents.

	31 December 2022	31 December 2021
Employee termination indemnity	9,970	10,483
Interest-bearing loans	481,577	433,306
Trade payables and contract liabilities	480,808	413,374
Other current payables	169,667	167,457
Other current financial payables	59,459	61,654
Cash and cash equivalents	(84,243)	(99,512)
Other current financial assets	(7,017)	(14,799)
Total Net Debt	**1,110,221**	**971,963**
Group shareholders' equity	66,862	46,746
Undistributed net profit (loss)	(27,131)	22,588
Total Capital	**39,731**	**69,334**
EQUITY AND NET DEBT	**1,149,952**	**1,041,297**
INDEBTEDNESS RATIO	**96.5%**	**93.3%**

The debt ratio showed an increase compared to 31 December 2022 as a result of the twofold effect of: (i) a decrease in the share capital, eroded by a reduction in the Group's equity against the recognition of the loss carried forward at 31 December 2022 and the recognition of the negative equity reserve for a total value of € 6,866 thousand arising from the transaction under common control for the transfer of the "Personnel Activities" business unit (for more details, see note 3 above); (ii) an increase in indebtedness during 2022.

36. OTHER INFORMATION

In 2022 some Group companies received financial benefits from Public Authorities or entities treated as such as referred to in Law no. 124 of 4 August 2017 bearing "*Annual Act on market and competition".*

Specifically, during the 2022 financial year proceeds were achieved from tax credits, equal to a total amount of € 27.7 million for the Group, 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 loans named "Artigiancassa Loan" and "Sabatini Loan", respectively, as described in note 17 above.

Finally, additional financial benefits were obtained for a lower amount, for which reference should be made to the information provided in the "Register of State Aids" published on-line at the website www.rna.gov.it, s section "TRANSPARENCY - PERSONAL AID".

37. SUBSEQUENT EVENTS

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 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 prospective accounting position at 31 December 2022, in addition to an adjustment calculated on the final book value of the business unit at

the date of transfer. Within this transaction, Rekeep will proceed with the insourcing of the processing and calculation of Rekeep's payroll, which are currently outsourced to Sacoa, thus also achieving savings.

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

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

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

	Recognized value	Book value
Trade payables and contract liabilities	25	25
Other current liabilities	33	33
TOTAL CURRENT LIABILITIES	**57**	**57**
TOTAL LIABILITIES	**132**	**132**
FAIR VALUE OF NET ASSETS	**555**	**555**
EQUITY RESERVE OF THE BUYER FROM BUSINESS COMBINATION	**232**	
Total cost of business combination:		
Consideration paid to the transferor	787	
TOTAL COST OF BUSINESS COMBINATION	**787**	

The fair value of assets and liabilities acquired through the business combination was positive and set at € 232 thousand, while the overall cost of the business combination was equal to € 787 thousand (of which an amount of € 627 thousand was paid in January 2023).

Zola Predosa, 23 March 2023

The Chairman and CEO

Giuliano Di Bernardo

ANNEX I

GROUP COMPANIES

PARENT COMPANY

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

SUBSIDIARIES CONSOLIDATED ON A LINE-BY-LINE BASIS

Name	Registered Office	City	% Held	Currency
Bologna Strade Soc. Cons. a r.l.	Via Ubaldo Poli no. 4	Zola Predosa (BO)	54.37%	Euro
Catermed Sp. z o.o.	ul. Traktorowa n. 126/201, 91-204	Lodz (Poland)	100%	PLN
Cefalù Energia S.p.A.	Via Ubaldo Poli no. 4	Zola Predosa (BO)	100%	Euro
CO.GE.F. Soc. Cons. a r.l. in liquidation	Via Ubaldo Poli no. 4	Zola Predosa (BO)	80%	Euro
Consorzio Igiene Ospedaliera Soc. Cons. a r.l. in liquidation	Via Ubaldo Poli no. 4	Zola Predosa (BO)	66.66%	Euro
Consorzio Stabile CMF	Via Bolzano no. 59	Trento (TN)	97.83%	Euro
EOS Hijyen Tesis Hizmetleri Saglik Insaat Servis Muhendislik A.S.	Üniversiteler Mahallesi, Bilkent Plaza, A3 Blok, no. 4	Çankaya/ Ankara	51%	TRY
Ferraria Soc. cons. a r.l.	Via Ubaldo Poli no. 4	Zola Predosa (BO)	69%	Euro
H2H Facility Solutions S.p.A.	Via Ubaldo Poli no. 4	Zola Predosa (BO)	100%	Euro
H2H Cleaning S.r.l.	Via Ubaldo Poli no. 4	Zola Predosa (BO)	100%	Euro
ISOM Lavori Soc.Cons. a r.l.	Via Ubaldo Poli no. 4	Zola Predosa (BO)	62.71%	Euro
ISOM Gestione Soc.Cons. a r.l.	Via Ubaldo Poli no.. 4	Zola Predosa (BO)	52.97%	Euro
IZAN+ sp. z o.o.	ul. Żabiniec n. 46, 31-215	Krakow (Poland)	100%	PLN
JOL-MARK sp. z o.o.	ul. Portowa n. 16G, 44-100	Gliwice (Poland)	100%	PLN
KANARIND Soc.Cons. a r.l.	Via Ubaldo Poli no. 4	Zola Predosa (BO)	62.43%	Euro
Kolumna Transportu Sanitarnego Triomed sp. z o.o.	ul. Północna n. 22, 20-064	Lublin (Poland)	100%	PLN
Infrastrutture Lombardia Servizi Soc.Cons. a r.l.	Via Ubaldo Poli no. 4	Zola Predosa (BO)	60%	Euro
Logistica Sud Est Soc.Cons. a r.l. in liquidation	Via Ubaldo Poli no. 4	Zola Predosa (BO)	60%	Euro
Medical Device S.r.l.	Via della Tecnica no.52	Montevarchi (AR)	60%	Euro

Name	Registered Office	City	% Held	Currency
Naprzód Catering sp. z o.o.	ul. Stefana Banacha 1A, 02-097	Warsaw (Poland)	100%	PLN
Naprzód Cleaning sp. z o.o.	ul. Traktorowa 126/301, 91-204	Lodz (Poland)	100%	PLN
Naprzód Hospital sp. z o.o.	ul. Traktorowa 126/301, 91-204	Lodz (Poland)	100%	PLN
Naprzód Inwestycje sp. z o.o.	ul. Traktorowa 126/301, 91-204	Lodz (Poland)	100%	PLN
Naprzód IP sp. z o.o. in liquidation	ul. Żabiniec n. 46, 31-215	Krakow (Poland)	100%	PLN
Naprzód Marketing sp. z o.o.	ul. Traktorowa 126/301, 91-204	Lodz (Poland)	100%	PLN
Naprzód Service sp. z o.o.	ul. Traktorowa n. 126/202, 91-204	Lodz (Poland)	100%	PLN
Progetto Sintesi Soc. Cons. a r.l.	Via Ubaldo Poli no. 4	Zola Predosa (BO)	60%	Euro
Rekeep Digital S.r.l.	Via Ubaldo Poli no. 4	Zola Predosa (BO)	100%	Euro
Rekeep Facility S.a.s.	52, Boulevard de Sebastopol	Paris	100%	Euro
Rekeep Facilities Management LLC	Rasis Business Centre, Makani No, 18353 78040 - Al Barsha First	Dubai (United Arab Emirates)	100%	AED
Rekeep FM sp. z o.o.	ul. Traktorowa 126/201, 91-204	Lodz (Poland)	100%	PLN
Rekeep France S.a.s.	52, Boulevard de Sebastopol	Paris	70%	Euro
Rekeep Mobilites S.a.s.	11 bis Rue de Moscou	Paris	100%	Euro
Rekeep Santè S.a.s.	11 bis Rue de Moscou	Paris	100%	Euro
Rekeep Polska S.A.	ul. Traktorowa 126/301, 91-204	Lodz (Poland)	80%	PLN
Rekeep Rail S.r.l.	Via Ubaldo Poli no. 4	Zola Predosa (BO)	100%	Euro
Rekeep Saudi Arabia Ltd	P.O Box 230888, K.S.A., 28th floor, Kingdom Tower	Riyadh (Saudi Arabia)	100%	SAR
Rekeep Transport S.a.s.	4 place Louis Armand-Tour de l'Horloge	Paris	100%	Euro
Rekeep World S.r.l.	Via Ubaldo Poli no. 4	Zola Predosa (BO)	100%	Euro
S.AN.CO S.c.a.r.l. in liquidation	Via Aurelio Saffi, no. 51	Bologna	100%	Euro
S.AN.GE S.c.a.r.l.	Viale Sarca 336 – Strada Privata Breda – Edificio 12	Milan	100%	Euro
San Gerardo Servizi Soc. Cons. a r.l.	Via Ubaldo Poli no. 4	Zola Predosa (BO)	60%	Euro
Servizi Brindisi Soc. Cons. a r.l.	Via Ubaldo Poli no. 4	Zola Predosa (BO)	52%	Euro
Servizi Ospedalieri S.p.A.	Via Calvino no. 33	Ferrara	100%	Euro
Servizi Sanitari Sicilia Soc. Cons. a r.l.	Via Calvino no. 33	Ferrara	70%	Euro
Telepost S.r.l.	Via Ubaldo Poli no. 4	Zola Predosa (BO)	100%	Euro
Treviso GS4 Soc. Cons. a r.l.	Via Ubaldo Poli no. 4	Zola Predosa (BO)	50.10%	Euro
U.Jet Romania Private Limited Company	str. Garii no. 10	Sighetu Marmatiei, Romania	100%	RON
U.Jet S.r.l.	Via San Francescuccio dè Mietitori no. 32	Bastia Umbra (PG)	60%	Euro
Vendi Service sp. z o.o. in liquidation	ul. Traktorowa n.126, 91-204	Lodz (Poland)	100%	PLN

JOINT VENTURES ACCOUNTED FOR UNDER THE EQUITY METHOD

Name	Registered Office	City	% Held	Currency
AMG S.r.l.	SS Laghi di Avigliana 48/a	frazione Roata Raffo Busca (CN)	50%	Euro
CO. & MA. Soc. Cons. a r.l. in liquidation	Via del Parco no. 16	Tremestieri Etneo (CT)	50%	Euro
DUC Gestione Sede Unica Soc.cons.r.l.	Via Ubaldo Poli no. 4	Zola Predosa (BO)	49%	Euro
Legnago 2001 Soc.cons.r.l. in liquidation	Via Ubaldo Poli no. 4	Zola Predosa (BO)	50%	Euro
Servizi Sportivi Brindisi Soc.cons.r.l.	Via Licio Giorgieri no. 93	Rome	50%	Euro

ASSOCIATES AND OTHER COMPANIES ACCOUNTED FOR UNDER THE EQUITY METHOD

Name	Registered Office	City	% Held	Currency
2High S.r.l.	Via Farini no.6	Bologna	20.09%	Euro
Alisei S.r.l. in liquidation	Via Cesari 68/1	Modena	100%	Euro
ARIENES Soc. Cons. a r.l.	Via Nubi di Magellano no. 30	Reggio Emilia	35%	Euro
BGP2 Soc. Cons. r.l.	Via Giovanni Papini no. 18	Bologna	41.17%	Euro
Bologna Global Strade Soc. Cons. r.l.	Via Zanardi no. 372	Bologna	59.65%	Euro
Centro Europa Ricerche S.r.l.	Via G. Zanardelli no. 34	Rome	21.38%	Euro
Consorzio Servizi Toscana Soc. Cons. a r.l in liquidation	Via Ubaldo Poli no. 4	Zola Predosa (BO)	60%	Euro
Consorzio Polo Sterilizzazione Integrata a r.l.	Via Facciolati no. 84	Padua	60%	Euro
Consorzio Sermagest Soc. Cons. a r.l. in liquidation	Via Filippo Corridoni no. 23	Rome	60%	Euro
Fondazione Ricerca, Scienze Neurologiche Azienda USL di Bologna	Via Altura, no. 3	Bologna	21.08%	Euro
Gestione Servizi Taranto Soc. Cons.a r.l.	Via Ubaldo Poli no. 4	Zola Predosa (BO)	47%	Euro
Gestione Strade Soc. Cons.a r.l.	Strada Manara n. 64/B	Parma	25%	Euro
Global Oltremare Soc. Cons. r.l. in liquidation	Via Ubaldo Poli no. 4	Zola Predosa (BO)	60%	Euro
Global Vicenza Soc. Cons. a r.l.	Via Grandi no. 39	Concordia Sulla Secchia (MO)	41.25%	Euro
Gymnasium Soc. Cons. r.l. in liquidation	Via Ubaldo Poli no. 4	Zola Predosa (BO)	68%	Euro
GR.A.AL. Soc. Cons. a. r.l.	Via Guelfa no. 76	Bologna	29.926%	Euro
Imola Verde e Sostenibile Soc. Cons. a r.l.	Via S. Allende no. 39	Bologna	30%	Euro

Name	Registered Office	City	% Held	Currency
Iniziative Produttive Piemontesi S.r.l.	Corso Einaudi no. 18	Turin	24.75%	Euro
Logistica Ospedaliera Soc. Cons. a r.l	Via C. Alberto Dalla Chiesa 23/I	Caltanissetta (CL)	45%	Euro
Manutencoop International Services LLC in liquidation	Qatar Tower, building 35, street 920, zone 63	Doha (Qatar)	49%	QAR
MCF servizi Integrati Soc. Cons. a r.l. in liquidation	Via Ubaldo Poli no. 4	Zola Predosa (BO)	60%	Euro
MSE Soc. Cons. a r.l. in liquidation	Via Ubaldo Poli no. 4	Zola Predosa (BO)	56%	Euro
Newco Duc Bologna S.p.A.	Via M.E. Lepido 182/2	Bologna	24.90%	Euro
Palmanova Servizi Energetici Soc. Cons. a r.l. in liquidation	Via Ubaldo Poli no. 4	Zola Predosa (BO)	60%	Euro
Rekeep Arabia for Operations and Maintenance Ltd in liquidation	P.O Box 230888, Riyadh, 11321, K.S.A., 28th floor, Kingdom tower.	Riyadh (Saudi Arabia)	100%	SAR
Roma Multiservizi S.p.A.	Via Tiburtina 1072	Rome	45.47%	Euro
San Martino 2000 Soc. Cons. a r.l.	Via al Molo Vecchio	Calata Gadda (GE)	40%	Euro
S.E.I. Energia Soc. Cons. a r.l.	Via Emilia no. 65	Palermo (PA)	49%	Euro
Servizi Napoli 5 Soc. Cons. a r.l.	Via Ubaldo Poli no. 4	Zola Predosa (BO)	45%	Euro
Steril Piemonte S.r.l.	Corso Einaudi no. 18	Turin	25%	Euro
Yougenio S.r.l. in liquidation	Via Ubaldo Poli no. 4	Zola Predosa (BO)	100%	Euro

ANNEX II

EQUITY-ACCOUNTED INVESTMENTS

	%	Net assets 31 December 2021	Changes for the financial year					Net assets 31 December 2022	Book value	Provision for risks
			Financial effects	Dividends	Revaluations Write-downs	Provision for risks	Effects on shareholders' equity			
2HIGH S.r.l.	20.09%	90						90	90	0
Alisei S.r.l. in liquidation	100%	(110)				(8)		(118)	0	(118)
A.M.G. S.r.l.	50%	2,373		(91)	88			2,371	2,371	
ARIENES Soc. Cons. a r.l.	35%	0	18					18	18	
BGP 2 Soc. Cons. a r.l.	41.47%	62			0			62	62	
Bologna Gestione Patrimonio Soc. Cons. a. r.l. in liquidation	27.58%	0	(6)		6			0	0	
Bologna Global Strade Soc. Cons. a. r.l.	60%	60			0			60	60	
Bologna Più Soc. Cons. a r.l.	25.68%	5	(5)					0	0	
Centro Europa Ricerche S.r.l.	21.38%	66			0			66	66	
Co. & Ma. Soc. Cons.r.l.	50%	5						5	5	
Consorzio Imolese Pulizie Soc. Cons. a r.l in liquidation	60%	6	(6)					0	0	
Consorzio Sermagest in liquidation	60%	0						0	0	
Consorzio Servizi Toscana a r.l.	60%	6						6	6	
DUC Gestioni Soc.Cons. a r.l.	49%	10						10	10	
Fondazione Ricerca, Scienze Neurologiche Azienda USL di Bologna	21.08%	0	35					35	35	
Gestione Servizi Taranto Soc. Cons. r.l.	47%	9						9	9	
Gestione Strade Soc. Cons. a r.l.	25%	13						13	13	
Global Oltremare Soc. Cons. a r.l. in liquidation	60%	6						6	6	

	%	Net assets 31 December 2021	Changes for the financial year					Net assets 31 December 2022	Book value	Provision for risks
			Financial effects	Dividends	Revaluations Write-downs	Provision for risks	Effects on shareholders' equity			
Global Provincia di Rimini Soc.Cons. a r.l.	42.40%	4	(54)		50			0	0	
Global Vicenza Soc.Cons. a r.l.	41.25%	4						4	4	
GR.A.AL Soc. Cons. a r.l.	29.93%	3						3	3	
Gymnasium soc. Cons. a r.l. in liquidation	68%	7						7	7	
Imola Verde e Sostenibile Soc. Cons. a r.l. (IVES)	30%	6						6	6	
IPP S.r.l.	24.75%	399			111			510	510	
Legnago 2001 Soc. Cons. a r.l. in liquidation	50%	5						5	5	
Logistica Ospedaliera Soc. Cons. a r.l	45.00%	5						5	5	
Manutencoop International Services LLC	49.00%	(96)					(32)	(128)	0	(128)
MCF Servizi integrati Soc. Cons. a r. l. in liquidation	60.00%	6			0			6	6	
MSE Soc. Cons. a r.l. in liquidation	56.00%	0	6					6	6	
Newco DUC Bologna S.p.A.	24.90%	2,189			170		642	3.001	3.001	
Palmanova Servizi Energetici Soc. Cons. a r.l. in liquidation	60%	0	6					6	6	
Rekeep Arabia for Operations and Maintenance Ltd in liquidation	100%	(0)			0		0	(0)	(0)	
ROMA Multiservizi S.p.A.	45.47%	2,701		0	14		86	2,801	2,801	
San Martino 2000 Soc.Cons. a r.l.	40%	4						4	4	
S.E.I. Energia Soc. Cons. a r.l.	49.00%	5						5	5	
Serena S.r.l.	50%	9	(9)					0	0	
Servizi Taranto Soc.Cons. a r.l. in liquidation	60.08%	0	(1)		1			0	0	
Servizi Napoli 5 Soc. Cons. a r.l.	45%	5						5	5	

	%	Net assets 31 December 2021	Changes for the financial year					Net assets 31 December 2022	Book value	Provision for risks
			Financial effects	Dividends	Revaluations Write-downs	Provision for risks	Effects on shareholders' equity			
Servizi Sportivi Brindisi Soc. Cons. a r.l.	50%	5						5	5	
Simagest 2 Soc.Cons.a r.l. in liquidation	90%	45	(45)					0	0	
Simagest 3 Soc.Cons.a r.l. in liquidation	89.99%	45	(45)					0	0	
Società Consortile Adanti Manutencoop a r.l. in liquidation	50%	10	(53)		43			0	0	
Steril Piemonte S.r.l.	25%	986			7			994	994	
Yougenio S.r.l. in liquidation	100.00%	(169)	(212)		212	(0)		(169)	0	(169)
NET BOOK VALUE		**8,778**	**(371)**	**(91)**	**703**	**(8)**	**695**	**9,708**	**10,123**	**(415)**

ANNEX III

RELATED PARTY TRANSACTIONS

PARENT COMPANIES

		Revenues	Costs	Financial income	Financial charges		Trade receivables	Financial receivables and others	Trade payables	Financial payables and others
MSC S.p.A.	31-Dec-21	197	29,531	37	725	31-Dec-21	77	15,159	4,702	14,924
	31-Dec-22	112	15,364	126	616	31-Dec-22	477	8,232	1,312	11,100

ASSOCIATES AND JOINT-VENTURES

		Revenues	Costs	Financial income	Financial charges		Trade receivables	Financial receivables and others	Trade payables	Financial payables and others
2HIGH S.r.l.	31-Dec-21		217			31-Dec-21			182	
	31-Dec-22		296			31-Dec-22			176	
Alisei s.r.l. in liquidation	31-Dec-21					31-Dec-21	3			1
	31-Dec-22					31-Dec-22	3			1
AMG S.r.l.	31-Dec-21		248			31-Dec-21			210	
	31-Dec-22		577			31-Dec-22			722	
ARIENES Soc. Cons. a r.l.	31-Dec-21					31-Dec-21				
	31-Dec-22	21,678	20,528			31-Dec-22	21,678		20,528	
Bologna Gestione Patrimonio Soc.Cons. a r.l. in liquidation	31-Dec-21					31-Dec-21				
	31-Dec-22					31-Dec-22				
Bologna Gestione Patrimonio 2 Soc.Cons. a r.l.	31-Dec-21	60	242			31-Dec-21	110	3	523	2
	31-Dec-22		639			31-Dec-22	18	25	785	
Bologna Global Strade Soc. Cons. a r.l	31-Dec-21	247				31-Dec-21	148	383	1	
	31-Dec-22		(50)			31-Dec-22	39	383	(159)	
Como Energia Soc.Cons.a r.l. in liquidation	31-Dec-21		3			31-Dec-21				
	31-Dec-22					31-Dec-22				
Centro Europa Ricerche S.r.l.	31-Dec-21					31-Dec-21				
	31-Dec-22					31-Dec-22				

		Revenues	Costs	Financial income	Financial charges		Trade receivables	Financial receivables and others	Trade payables	Financial payables and others
Consorzio Imolese Pulizie soc.Cons. in liquidation	31-Dec-21					31-Dec-21		36	12	
	31-Dec-22					31-Dec-22				
Consorzio Polo Sterilizzazione Integrata a r.l.	31-Dec-21					31-Dec-21				
	31-Dec-22					31-Dec-22				
Consorzio Sermagest Soc.Cons.a r.l in liquidation	31-Dec-21					31-Dec-21				
	31-Dec-22					31-Dec-22				
Consorzio Servizi Toscana Soc.Cons.a r.l in liquidation	31-Dec-21					31-Dec-21	282		177	
	31-Dec-22					31-Dec-22	282		177	
CO.& MA. Soc. Cons. a r.l	31-Dec-21	270	1,166			31-Dec-21	90	20	1.163	
	31-Dec-22		(73)			31-Dec-22		20	676	
DUC Gestione Sede Unica Soc. Cons. a r.l.	31-Dec-21	7,356	3,444			31-Dec-21	4,303		1,843	
	31-Dec-22	8,492	4,166			31-Dec-22	7,085		3,673	
Fondazione Ricerca, Scienze Neurologiche Azienda USL di Bologna	31-Dec-21					31-Dec-21				
	31-Dec-22					31-Dec-22				
Fr.lli Bernard s.r.l.	31-Dec-21	24	29			31-Dec-21				
	31-Dec-22					31-Dec-22				
Gestione Servizi Taranto Soc.Cons.a r.l.	31-Dec-21	4,544	4,220			31-Dec-21	5,684	23	5,019	
	31-Dec-22	5,189	4,866			31-Dec-22	6,975	42	5,658	
Gestione Strade soc.cons.r.l.	31-Dec-21	64	1,187			31-Dec-21	44	63	398	
	31-Dec-22	177	1,365			31-Dec-22	122	63	800	
Global Oltremare Soc.Cons.a r.l in liquidation	31-Dec-21		7			31-Dec-21			92	
	31-Dec-22		7			31-Dec-22			99	
Global Provincia di RN Soc.Cons.a r.l. in liquidation	31-Dec-21					31-Dec-21		70	13	
	31-Dec-22					31-Dec-22		70		
Global Riviera Soc.Cons.a r.l.	31-Dec-21		(6)			31-Dec-21			4	
	31-Dec-22					31-Dec-22				
Global Vicenza Soc.Cons. a r.l.	31-Dec-21					31-Dec-21		10	17	
	31-Dec-22					31-Dec-22		10	17	
GR.A.AL. Soc. Cons. a. r.l.	31-Dec-21					31-Dec-21				
	31-Dec-22					31-Dec-22				
Gymnasium Soc. cons. a r.l in liquidation	31-Dec-21					31-Dec-21	1	8	33	
	31-Dec-22					31-Dec-22	1	8	33	
	31-Dec-21	211	203			31-Dec-21	50		45	

		Revenues	Costs	Financial income	Financial charges		Trade receivables	Financial receivables and others	Trade payables	Financial payables and others
Imola Verde e Sostenibile Soc. Cons. a r.l. (IVES)	31-Dec-22	297	292			31-Dec-22	211		198	
IPP S.r.l.	31-Dec-21		233			31-Dec-21	12	35	148	
	31-Dec-22	4	325			31-Dec-22	16	35	305	
Legnago 2001 Soc. Cons. r.l. in liquidation	31-Dec-21		8			31-Dec-21	158		67	
	31-Dec-22		4			31-Dec-22	158		71	
Logistica Ospedaliera Soc. Cons. a r.l.	31-Dec-21		8			31-Dec-21			18	
	31-Dec-22		2			31-Dec-22			20	
Manutencoop International Services LLC in liquidation	31-Dec-21					31-Dec-21				
	31-Dec-22					31-Dec-22				
MCF Servizi integarti Soc. cons. a r.l. in liquidation	31-Dec-21					31-Dec-21	689		322	
	31-Dec-22					31-Dec-22	365		5	
MSE Soc. cons. a r.l. in liquidation	31-Dec-21					31-Dec-21				
	31-Dec-22					31-Dec-22				
Newco DUC Bologna S.p.A	31-Dec-21		15			31-Dec-21			66	
	31-Dec-22					31-Dec-22			58	
Palmanova Servizi Energetici Soc. Cons. a r.l. in liquidation	31-Dec-21					31-Dec-21				
	31-Dec-22		5			31-Dec-22	75		5	
Rekeep Arabia for Operations and Maintenance Ltd in liquidation	31-Dec-21					31-Dec-21				
	31-Dec-22					31-Dec-22				
Roma Multiservizi S.p.A.	31-Dec-21	361	63			31-Dec-21	261		93	
	31-Dec-22	593	415			31-Dec-22	361		312	
San Martino 2000 Soc.Cons. r.l.	31-Dec-21	1,414	2,539			31-Dec-21	416		859	
	31-Dec-22	1,700	2,314			31-Dec-22	561		1,609	
S.E.I. Energia Soc. Cons. a r.l.	31-Dec-21	49	3,553	22		31-Dec-21	103	780	2,799	
	31-Dec-22	49	7,055	22		31-Dec-22	184	880	5,395	
Serena S.r.l. - in liquidation	31-Dec-21					31-Dec-21		3		
	31-Dec-22					31-Dec-22				
Servizi Taranto Soc.Cons. a r.l. in liquidation	31-Dec-21					31-Dec-21				
	31-Dec-22					31-Dec-22				
Servizi Napoli 5 Soc.Cons. a r.l.	31-Dec-21	1,375	1,284			31-Dec-21	4,310		2,896	
	31-Dec-22	836	754			31-Dec-22	3,439		2,038	
	31-Dec-21					31-Dec-21		75	13	2

		Revenues	Costs	Financial income	Financial charges		Trade receivables	Financial receivables and others	Trade payables	Financial payables and others
S.I.MA.GEST2 Soc. Cons. r.l. in liquidation	31-Dec-22					31-Dec-22				
S.I.MA.GEST3 Soc. Cons. r.l in liquidation	31-Dec-21					31-Dec-21		3	6	
	31-Dec-22					31-Dec-22				
Società Consortile Adanti Manutencoop in liquidation	31-Dec-21					31-Dec-21			53	
	31-Dec-22					31-Dec-22				
Steril Piemonte S.r.l.	31-Dec-21					31-Dec-21	7		104	
	31-Dec-22					31-Dec-22	7		104	
Yougenio S.r.l. in liquidation	31-Dec-21	45	3	88		31-Dec-21	42		4	43
	31-Dec-22	21	0	101		31-Dec-22	1		4	40

SUBSIDIARIES OF MSC S.P.A.

		Revenues	Costs	Financial income	Financial charges		Trade receivables	Financial receivables and others	Trade payables	Financial payables and others
Cerpac S.r.l. in liquidation	31-Dec-21					31-Dec-21	1			
	31-Dec-22					31-Dec-22	1			
Holmo S.p.A.	31-Dec-21					31-Dec-21				
	31-Dec-22					31-Dec-22				
NRE S.r.l.	31-Dec-21					31-Dec-21				
	31-Dec-22					31-Dec-22				
Nugareto Società Agricola Vinicola S.r.l.	31-Dec-21	1	38			31-Dec-21		6	16	
	31-Dec-22	1	49			31-Dec-22	1	6	72	
Puglia Multiservizi S.r.l.	31-Dec-21					31-Dec-21				
	31-Dec-22					31-Dec-22				
Sacoa S.r.l.	31-Dec-21	41	6			31-Dec-21	12		1	
	31-Dec-22	51	836			31-Dec-22	25		663	
Sacoa Servizi Telematici S.r.l.	31-Dec-21		24			31-Dec-21			25	
	31-Dec-22		26			31-Dec-22			15	
Segesta servizi per l'Ambiente S.r.l.	31-Dec-21	5				31-Dec-21	2			
	31-Dec-22	6				31-Dec-22	2	1		

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

		Revenues	Costs	Financial income	Financial charges		Trade receivables	Financial receivables and others	Trade payables	Financial payables and others
Consorzio Karabak Soc. Cooperativa	31-Dec-21	73				31-Dec-21	19			
	31-Dec-22	63	1			31-Dec-22	21		1	
Consorzio Karabak Due Società Cooperativa	31-Dec-21	5				31-Dec-21	1			
	31-Dec-22	4				31-Dec-22	1			
Consorzio Karabak Quattro Società Cooperativa	31-Dec-21		1			31-Dec-21			1	
	31-Dec-22		1			31-Dec-22			1	
Consorzio Karabak Cinque Società Cooperativa	31-Dec-21					31-Dec-21				
	31-Dec-22					31-Dec-22				
Consorzio Karabak Sei Società Cooperativa	31-Dec-21					31-Dec-21				
	31-Dec-22					31-Dec-22				

		Revenues	Costs	Financial income	Financial charges		Trade receivables	Financial receivables and others	Trade payables	Financial payables and others
TOTAL	**31-Dec-21**	**16,342**	**48,265**	**147**	**725**	**31-Dec-21**	**16,825**	**16,677**	**21,925**	**14,972**
	31-Dec-22	**39,273**	**59,764**	**249**	**616**	**31-Dec-22**	**42,109**	**9,775**	**45,373**	**11,141**

ANNEX IV

STATEMENT OF RECONCILIATION OF THE RECLASSIFIED STATEMENT OF CASH FLOW AND THE STATUTORY SCHEDULE ITEM

	For the year ended 31 December			
		2022		2021
Cash and cash equivalents at the beginning of the year		**99,512**		**90,464**
Cash flow from current operations:		**80,841**		**29,301**
Profit before tax	31,249		(3,242)	
Profit (loss) from discontinued operations	0		16	
Capital gains from disposal of discontinued operations	0		(16)	
Amortization, depreciation, write-downs and (write-backs) of assets	41,912		41,477	
Accrual (reversal) of provisions for risks and charges	13,505		5,471	
Employee termination indemnity provision	1,645		739	
Share of net profit of associates, net of dividends collected	356		388	
Financial charges (income) for the period	39,919		68,202	
Net interests received (paid) in the period	(30,308)		(53,625)	
Income taxes paid in the period	(7,830)		(13,401)	
Reclassifications:				
Non-cash net financial charges accounted for under the Statement of Profit or Loss	*(9,606)*		*(16,724)*	
Cash flow from current operations of discontinued operations	*0*		*16*	
Uses of provisions for risks and charges and payments of the Employee Termination Indemnity (TFR):		**(4,976)**		**(4,539)**
Payments of employee termination indemnity	(1,976)		(2,002)	
Use of provisions for risks and charges	(2,999)		(2,537)	
CHANGE IN NWOC:		**(21,588)**		**(11,595)**

	For the year ended 31 December			
		2022		2021
Decrease (increase) in inventories	645		3,041	
Decrease (increase) in trade receivables	(96,670)		(14,964)	
Increase (decrease) in trade payables	74,437		329	
INDUSTRIAL AND FINANCIAL CAPEX:		**(83,316)**		**(36,447)**
(Purchase of intangible assets, net of sales)	(4,586)		(4,110)	
(Purchase of property, plant and equipment)	(53,331)		(30,813)	
Proceeds from sale of property, plant and equipment	1,219		1,080	
(Acquisition of investments)	(507)		2,633	
Decrease (increase) of financial assets	(7,446)		(6,336)	
Financial effects of business combinations	(12,793)		(3,764)	
Reclassifications:				
Change in current financial assets	*(10,798)*		*5,909*	
Debt for the acquisition of investments and business combinations	*(1,950)*		*(1,046)*	
Non-cash elements on net acquisitions of fixed assets	*6,877*		*0*	
CHANGE IN NET FINANCIAL LIABILITIES:		**53,858**		**55,370**
Lease payments	(8,711)		(7,533)	
Non-current borrowings	0		370,000	
Repayment of non-current borrowings	(266)		(334,203)	
Net opening (repayment) of short-term bank credit lines	9,153		(2,734)	
Other net changes in borrowings	33,227		12,674	
Reclassifications:				
Non-cash net financial charges accounted for under the Statement of Profit or Loss	*9,606*		*16,724*	
Net change in current financial assets	*10,798*		*(5,909)*	
Non-cash elements on acquisitions of rights of use	*(1,022)*		*4,443*	
Debt for the acquisition of investments and business combinations	*1,950*		*1,046*	
Financial effects of discontinued operations	*0*		*16*	
Dividend authorized and not distributed in the year/ Dividend distribution authorized in the previous year	*(878)*		*878*	

	For the year ended 31 December			
		2022		**2021**
OTHER CHANGES:		**(40,088)**		**(23,043)**
Decrease (increase) in other current assets	(35,152)		1,699	
Increase (decrease) in other current liabilities	1,563		(15,681)	
Dividends distributed	(918)		(293)	
Acquisition/sale of minority interests in subsidiaries	(655)		(1,968)	
Differences from translation of financial statements in foreign currency	51		(1,479)	
Reclassifications:				
Non-cash elements on acquisitions of rights of use	*(5,856)*		*(4,443)*	
Dividend authorized and not distributed in the year / Dividend distribution authorized in the previous year	*878*		*(878)*	
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD		**84,243**		**99,512**

Rekeep S.p.A.

Consolidated financial statements as of December 31, 2022

Independent auditor's report pursuant to article 14 of Legislative Decree n. 39, dated 27 January 2010
(Translation from the original Italian text)

EY S.p.A.
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Independent auditor's report pursuant to article 14 of Legislative Decree n. 39, dated 27 January 2010
(Translation from the original Italian text)

To the Sole Shareholder of
Rekeep S.p.A.

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of Rekeep Group (the "Group"), which comprise the consolidated statement of financial position as of December 31, 2022, and the consolidated statement of profit or loss, the consolidated statement of other comprehensive income, consolidated statement of changes in shareholders' equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the financial position of the Group as of December 31, 2022, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISA Italia). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report.
We are independent of the Rekeep S.p.A. in accordance with the regulations and standards on ethics and independence applicable to audits of financial statements under Italian Laws. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter

We draw attention to Note *"15. Provisions for Risks and Charges"* and to Note *"19. Trade Payables, Contract Liabilities and Other Current Liabilities"* of the consolidated financial statements, which describe the Directors' evaluation regarding the sanction imposed on Rekeep S.p.A. by the *Autorità Garante della Concorrenza e del Mercato* (Antitrust Authority) on May 9, 2019 and the related effects on the consolidated financial statements. Our opinion is not modified in respect of this matter.

Responsibilities of Directors and Those Charged with Governance for the Consolidated Financial Statements

The Directors are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the European Union, and, within the terms provided by the law, for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

EY S.p.A.
Sede Legale: Via Meravigli, 12 – 20123 Milano
Sede Secondaria: Via Lombardia, 31 – 00187 Roma
Capitale Sociale Euro 2.525.000,00 i.v.
Iscritta alla S.O. del Registro delle Imprese presso la CCIAA di Milano Monza Brianza Lodi
Codice fiscale e numero di iscrizione 00434000584 - numero R.E.A. di Milano 606158 - P.IVA 00891231003
Iscritta al Registro Revisori Legali al n. 70945 Pubblicato sulla G.U. Suppl. 13 - IV Serie Speciale del 17/2/1998
Iscritta all'Albo Speciale delle società di revisione
Consob al progressivo n. 2 delibera n.10831 del 16/7/1997

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The Directors are responsible for assessing the Group's ability to continue as a going concern and, when preparing the consolidated financial statements, for the appropriateness of the going concern assumption, and for appropriate disclosure thereof. The Directors prepare the consolidated financial statements on a going concern basis unless they either intend to liquidate the Parent Company Rekeep S.p.A. or to cease operations, or have no realistic alternative but to do so.

The statutory audit committee ("Collegio Sindacale") is responsible, within the terms provided by the law, for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with International Standards on Auditing (ISA Italia) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with International Standards on Auditing (ISA Italia), we have exercised professional judgment and maintained professional skepticism throughout the audit. In addition:

- we have identified and assessed the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, designed and performed audit procedures responsive to those risks, and obtained audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- we have obtained an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control;
- we have evaluated the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors;
- we have concluded on the appropriateness of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to consider this matter in forming our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern;
- we have evaluated the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation;

- we have obtained sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We have communicated with those charged with governance, identified at an appropriate level as required by ISA Italia, regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Report on compliance with other legal and regulatory requirements

Opinion pursuant to article 14, paragraph 2, subparagraph e), of Legislative Decree n. 39 dated 27 January 2010

The Directors of Rekeep S.p.A. are responsible for the preparation of the Report on Operations* of Rekeep Group as of December 31, 2022, including its consistency with the related consolidated financial statements and its compliance with the applicable laws and regulations.

We have performed the procedures required under audit standard SA Italia n. 720B, in order to express an opinion on the consistency of the Report on Operations, with the consolidated financial statements of Rekeep Group as of December 31, 2022 and on its compliance with the applicable laws and regulations, and in order to assess whether it contains material misstatements.

In our opinion, the Report on Operations is consistent with the consolidated financial statements of Rekeep Group as of December 31, 2022 and comply with the applicable laws and regulations.

With reference to the statement required by art. 14, paragraph 2, subparagraph e), of Legislative Decree n. 39, dated 27 January 2010, based on our knowledge and understanding of the entity and its environment obtained through our audit, we have no matters to report.

Bologna, April 13, 2023

EY S.p.A.
Signed by: Elisa Vicenzi, Auditor

This report has been translated into the English language solely for the convenience of international readers.

* The Report on Operations is not included in the Offering Memorandum

Consolidated financial statements
at 31 december 2021

CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(in thousands of Euro)	NOTES	31 December 2021	31 December 2020
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	4	86,375	79,219
Property, plant and equipment under lease	5	43,590	43,323
Goodwill	7	404,706	402,562
Other intangible assets	6	19,479	21,653
Investments accounted for under the equity method	8	9,153	9,140
Other investments	9	7,140	7,130
Non-current financial assets	9	4,702	5,529
Other non-current assets	9	3,232	3,408
Deferred tax assets	30	15,783	17,945
TOTAL NON-CURRENT ASSETS		**594,160**	**589,909**
CURRENT ASSETS			
Inventories	10	12,743	12,921
Trade receivables and advances to suppliers	11	443,248	431,121
Current tax receivables		5,278	10,010
Other current assets	11	24,133	25,636
Current financial assets	12	14,799	5,994
Cash and cash equivalents	12	99,512	90,464
TOTAL CURRENT ASSETS		**599,713**	**576,146**
Assets held for sale	31	0	0
TOTAL NON-CURRENT ASSETS HELD FOR SALE		**0**	**0**
TOTAL ASSETS		**1,193,873**	**1,166,055**

(in thousands of Euro)	NOTES	31 December 2021	31 December 2020
SHAREHOLDERS' EQUITY			
Share capital		109,150	109,150
Reserves		11,510	13,055
Retained earnings		(51,326)	30,286
Profit/(loss) for the year attributable to equity holders of the Parent		(22,588)	(83,154)
EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT		**46,746**	**69,337**
Capital and reserves attributable to non-controlling interests		2,985	496
Profit/(loss) for the year attributable to non-controlling interests		1,603	2,703
EQUITY ATTRIBUTABLE TO NON-CONTROLLING INTERESTS		4,588	3,199
TOTAL SHAREHOLDERS' EQUITY	13	**51,334**	**72,536**
NON-CURRENT LIABILITIES			
Employee termination indemnity	14	10,483	11,267
Provisions for risks and charges, non- current	15	26,035	24,777
Long-term financial debt	17	412,883	380,738
Deferred tax liabilities	30	16,384	16,708
Other non-current liabilities		1,391	60
TOTAL NON-CURRENT LIABILITIES		**467,176**	**433,550**
CURRENT LIABILITIES			
Provisions for risks and charges, current	15	12,455	10,550
Trade payables and contract liabilities	19	413,374	412,849
Current tax payables	30	0	2,274
Other current liabilities	19	167,457	184,249
Bank borrowing, including current portion of long-term debt, and other financial liabilities	17	82,077	50,047
TOTAL CURRENT LIABILITIES		**675,363**	**659,969**
Liabilities directly associated with non-current assets held for sale	31	0	0
TOTAL LIABILITIES DIRECTLY ASSOCIATED WITH NON-CURRENT ASSETS HELD FOR SALE		**0**	**0**
TOTAL LIABILITIES		**1,193,873**	**1,166,055**

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

(in thousands of Euro)	NOTES	For the year ended	
		31 December 2021	31 December 2020
REVENUES			
Revenues from contracts with customers	20	1,118,759	1,077,940
Other revenues	21	3,266	3,450
TOTAL REVENUES		**1,122,025**	**1,081,390**
OPERATING COSTS			
Costs of raw materials and consumables	22	(214,966)	(191,751)
Change in inventories of finished and semi-finished products	22	(918)	5,087
Costs for services and use of third-party assets	23	(323,352)	(342,205)
Personnel costs	24	(460,196)	(433,140)
Other operating costs	25	(13,606)	(91,733)
Capitalization of lower internal construction costs		140	1,624
Amortization, depreciation, write-downs and write-backs of assets	26	(41,477)	(40,472)
Accrual of provisions for risks and charges	15	(5,471)	(8,228)
TOTAL OPERATING COSTS		**(1,059,846)**	**(1,100,818)**
OPERATING INCOME		**62,179**	**(19,428)**
FINANCIAL INCOME AND EXPENSES			
Share of net profit of associates	8	1,267	(7,441)
Dividends and income (loss) from sale of investments	27	1,498	5,227
Financial income	28	1,055	2,575
Financial charges	29	(69,681)	(50,081)
Profit (loss) on exchange rate		424	752
Profit (loss) before tax		**(3,258)**	**(68,396)**
Income taxes, current, prepaid and deferred	30	(17,743)	(14,624)
Net profit (loss) from continuing operations		(21,001)	(83,020)
Profit (loss) from discontinued operations	31	16	2,569
Profit (loss) for the year		**(20,985)**	**(80,451)**
Net profit (loss) for the year attributable to non- controlling interests	13	(1,603)	(2,703)
NET PROFIT (LOSS) FOR ATTRIBUTABLE TO THE GROUP		**(22,588)**	**(83,154)**

	For the year ended	
	31 December 2021	31 December 2020
Basic earnings per share	(0.207)	(0.762)
Diluted earnings per share	(0.207)	(0.762)
Basic earnings per share from continuing operations	(0.207)	(0.785)
Diluted earnings per share from continuing operations	(0.207)	(0.785)

CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME

(in thousands of Euro)	NOTES	For the year ended	
		31 December 2021	**31 December 2020**
NET RESULT FOR THE YEAR		**(20,985)**	**(80,451)**
Other comprehensive income, which will be subsequently reclassified under profit/loss for the year:			
Differences from translation of foreign financial statements		(1,479)	646
Share of other comprehensive income of entities accounted for using the equity method, which will be subsequently reclassified under profit/loss for the year	8	317	(82)
Other comprehensive income, which will be subsequently reclassified under profit/loss for the year		**(1,163)**	**564**
Other comprehensive income, which will not be subsequently reclassified under profit/loss for the year:			
Actuarial gains (losses) on defined benefit plans		197	(92)
Income taxes		(15)	56
Net effect on actuarial gains (losses)	14	**182**	**(36)**
Share of other comprehensive income for the year of entities accounted for using the equity method, which will not be subsequently reclassified under profit/loss for the year	8	(33)	(23)
Other comprehensive income for the year, which will not be subsequently reclassified under profit/loss for the year		**148**	**(60)**
TOTAL OTHER COMPREHENSIVE INCOME (LOSS), NET OF TAX		**(1,014)**	**504**
COMPREHENSIVE INCOME (LOSS), NET OF TAXES		**(21,999)**	**(79,947)**
Equity holders of the Parent		(23,300)	(82,411)
Non-controlling interests		1,300	2,464

CONSOLIDATED STATEMENT OF CASH FLOWS

(in thousands of Euro)	NOTES	For the year ended	
		31 December 2021	31 December 2020
Net result from continuing operations for the year		**(20,985)**	**(3,638)**
Income taxes for the year		17,743	14,624
Profit before taxes		**(3,242)**	**10,986**
Profit (loss) from discontinued operations		16	2,569
Capital gains (losses) from disposal on equity investments		(16)	(13,589)
Other unrealized write-downs on discontinued operations		0	405
Amortization, depreciation, write-downs and (write-backs) of assets		41,477	40,666
Accrual (reversal) of provisions for risks and charges		5,471	8,236
Employee termination indemnity provision		739	585
Payments of employee termination indemnity		(2,002)	(1,695)
Utilization of provisions		(2,537)	(4,685)
Share of net profit of associates, net of dividends collected		388	7,555
Financial charges (income) for the year		68,202	47,130
Operating cash flows before movements in Working Capital		**108,496**	**98,162**
Of which relating to discontinued operations		*0*	*(7,741)*
Of which relating to continuing operations		*108,496*	*105,903*
Decrease (increase) of inventories		3,041	(5,629)
Decrease (increase) of trade receivables and advances to suppliers		(14,964)	(24,522)
Decrease (increase) of other current assets		1,699	5,943
Increase (decrease) in trade payables		329	13,259
Increase (decrease) of other current liabilities		(15,681)	4,293
Change in Working Capital		**(25,577)**	**(6,656)**
Net interests received (paid) in the year		(53,625)	(37,786)
Income taxes paid in the year		(13,401)	(16,036)
Net cash flow from operating activities		**15,893**	**37,683**
(Purchase of intangible assets, net of sales)	6	(4,110)	(5,264)
(Purchase of property, plant and equipment)	4 - 5	(30,813)	(28,921)
Proceeds from sale of property, plant and equipment	4 - 5	1,080	629
(Acquisition) of investments		2,633	(386)
Decrease (increase) of financial assets		(6,336)	(4,360)

(in thousands of Euro)	NOTES	For the year ended	
		31 December 2021	31 December 2020
Financial effects of business combinations	4	(3,764)	(6,173)
Assets held for sale and discontinued operations	31	0	53,935
Net cash flow from (used in) investing activities		**(41,309)**	**9,461**
Change in finance lease debt	17	565	573
New (repayment of) operating leases	17	(8,098)	(8,125)
Opening of medium- and long-term borrowings	17	370,000	3,670
Repayment of medium- and long-term borrowings	17	(334,203)	(24,963)
Net opening (repayment) of short-term bank credit lines	17	(2,734)	3,504
Other net changes in borrowings	17	12,674	(16,451)
Dividends distributed		(293)	(13,000)
(Purchase) /sale of subsidiaries’ minority shareholdings		(1,968)	324
Differences arising from translation of financial statements in foreign currency		(1,527)	1,042
Net cash flow from / (used in) financing activities		**34,415**	**(53,427)**
Change in cash and cash equivalents		**9,000**	**(6,282)**
Cash and cash equivalents at the beginning of the year		90,464	97,143
Change in cash and cash equivalents		9,000	(6,282)
Translation differences on cash and cash equivalents		48	(397)
Cash and cash equivalents at the end of the year		**99,512**	**90,464**
Details of cash and cash equivalents:			
Cash and bank current accounts		99,512	90,464
TOTAL CASH AND CASH EQUIVALENTS		**99,512**	**90,464**

SUPPLEMENTARY INFORMATION

(in thousands of Euro)	For the year ended	
	31 December 2021	**31 December 2020**
Interest paid	(54,677)	(40,352)
Interest received	1,051	2,566
Dividends paid	(293)	(13,000)
Dividends received	497	544

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

	Share Capital	Reserves	Retained Earnings	Net Result of the year	Equity attributable to Equity holders of the Parent	Equity attributable to non-controlling interests	Total shareholders' equity
1 January 2021	**109,150**	**13,054**	**30,286**	**(83,154)**	**69,337**	**3,199**	**72,536**
Allocation of prior year result		(834)	(81,612)	83,154	**708**	(708)	**0**
Distribution of dividends					**0**	(1,171)	**(1,171)**
Acquisition/sale of minority interests in subsidiaries					**0**	1,968	**1,968**
Total comprehensive income (loss)		(710)		(22,588)	**(23,298)**	1,300	**(21,998)**
31 December 2021	**109,150**	**11,510**	**(51,326)**	**(22,588)**	**46,746**	**4,588**	**51,334**

	Share Capital	Reserves	Retained Earnings	Net Result of the year	Equity attributable to Equity holders of the Parent	Equity attributable to non-controlling interests	Total shareholders' equity
1 January 2020	**109,150**	**5,710**	**33,824**	**3,285**	**151,970**	**836**	**152,806**
Allocation of prior year result		6,601	(3,316)	(3,285)	**0**		**0**
Acquisition/sale of minority interests in subsidiaries			(222)		**(222)**	(101)	**(323)**
Total comprehensive income (loss)		743		(83,154)	**(82,411)**	2,464	**(79,947)**
31 December 2020	**109,150**	**13,054**	**30,286**	**(83,154)**	**69,337**	**3,199**	**72,536**

EXPLANATORY NOTES

1. GENERAL INFORMATION

The publication of the Consolidated Financial Statements of the Rekeep Group for the year ended 31 December 2021 was authorized by resolution of the Board of Directors of 18 March 2022.

As at 31 December 2021 the share capital of Parent Company Rekeep S.p.A. was wholly held by the sole shareholder MSC Società di Partecipazione tra Lavoratori S.p.A. (formerly Manutencoop Società Cooperativa), which also carries out Management and Coordination Activities.

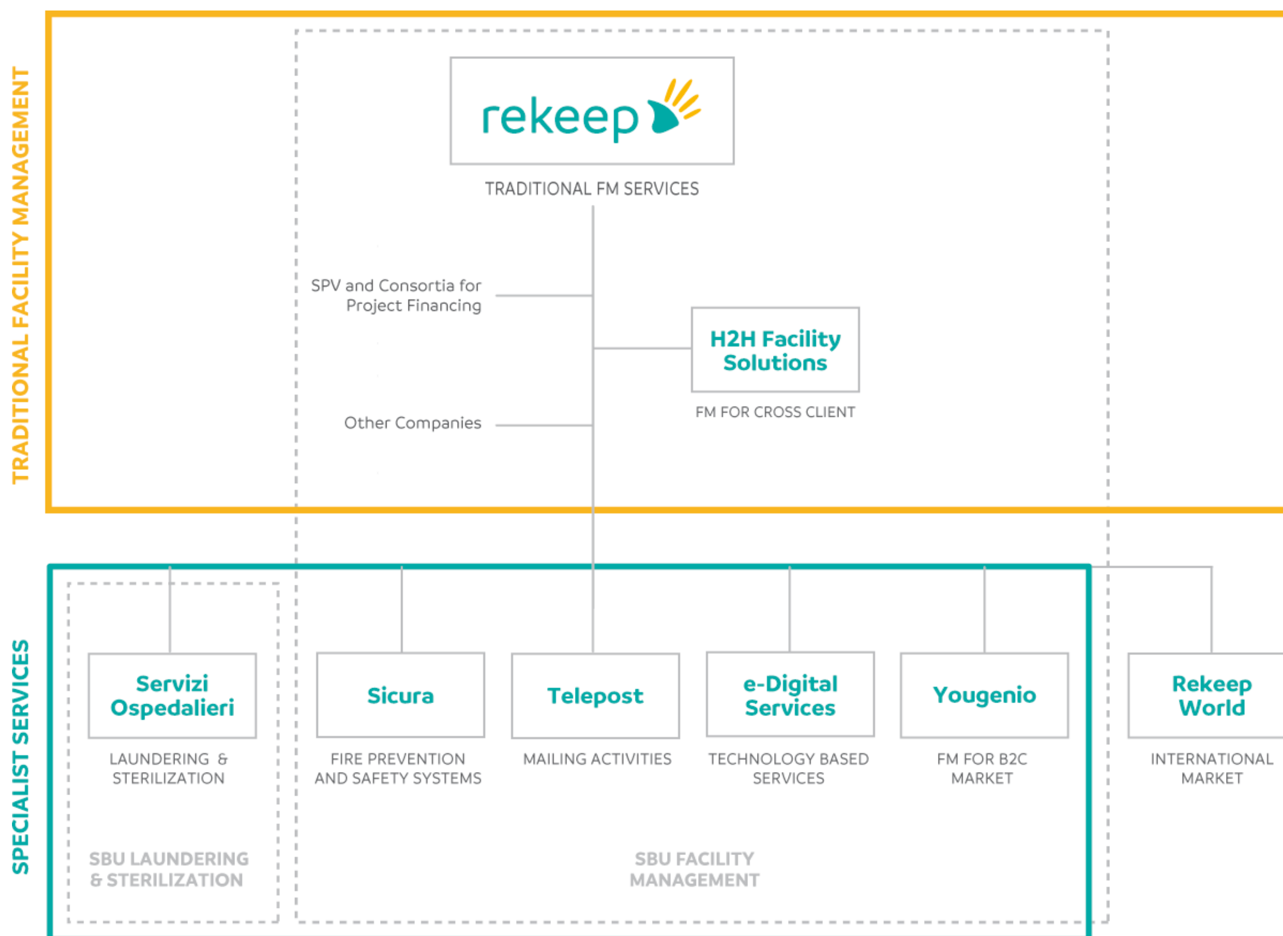
Manutencoop Società Cooperativa transformed its legal form from a cooperative company to a joint-stock company, and, in this context, changed its company name to MSC Società di Partecipazione tra Lavoratori S.p.A., with effect from 1 February 2022. The transaction was carried out following a resolution passed by the extraordinary shareholders' meeting held on 27 November 2021 and upon completion of the formalities required by the applicable provisions of law. The Rekeep Group's parent company retains full continuity of its own legal relationships. Moreover, the shares representing the entire share capital of the cooperative company, which were already held by its shareholders, were proportionally converted into shares of the transformed company with equal total value.

1.1 The business

The Group is active in the management and provision of integrated services to public and private customers, targeted at properties, the area and to support (so-called “Integrated Facility Management”) health care activities. In particular, the Rekeep Group provides a wide and coordinated range of integrated services, aimed at rationalizing and improving the quality of the non-strategic and auxiliary activities of major private groups, public authorities and health care facilities.

At present the Rekeep Group is structured into a single operating holding company which combines so-called “traditional” facility management production resources with those related to supporting the whole Group’s business. As early as from the previous financial years a strategy has been pursued by the central holding functions to diversify operations, also through a series of company acquisitions, with some “specialist” facility management services beside the historical core business (hygiene services, green spaces and technical and maintenance services), in addition to linen rental and industrial laundering services and surgical instrument sterilization at healthcare facilities and high technology 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., which has already been operating for a few years in France and Turkey through its subsidiaries; as from 2019 it also started operations in Saudi Arabia through the establishment of a subsidiary, and in Poland, following the acquisition of Rekeep Polska S.A. (formerly Naprzód S.A.), a local leading company in the field of facility management in the healthcare sector, which is the parent of the group with the same name.

Therefore, the Group now operates through specific companies for each sector:



The Facility management segment offers a collection of logistic and organizational support services targeted at users of properties and aimed at optimizing the management of property-related activities.

The so-called "traditional" Facility management services provided by the Rekeep Group include the following activities:

- Cleaning;
- Technical services;
- La ndscaping.

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

The so-called Technical Services encompass the management, operation and maintenance services of property-related systems (including heating and air conditioning systems, electrical systems, fire prevention and safety systems), including therein:

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

A third type of activities attributable to the Facility management service rendered by the Group is the so-called Landscaping, i.e. a service for the maintenance of green spaces, which includes both the planning and implementation of maintenance of properties' green areas, and services for the area.

Finally, energy management activities are developed, i.e. technical design, construction and operation of cogeneration plants and operation and maintenance of the same plants to provide customers with energy efficiency solutions.

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

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

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

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

Finally, the internationalization process led to the start-up of facility operations in France (through the sub-group controlled by Rekeep France S.a.S.) and other two subsidiaries, Turkey (through EOS and Rekeep United Yönetim Hizmetleri A.Ş..) and in Saudi Arabia (through Rekeep Saudi Arabia Ltd). Finally, in 2019 the acquisition of the Polish company Rekeep Polska S.A. (formerly Naprzód S.A.), the parent company controlling the group with the same name, served to expand and strengthen the market position in the field of facility management in the healthcare sector.

2. ACCOUNTING STANDARDS AND BASIS OF PRESENTATION

The consolidated Financial Statements at 31 December 2021 comprise the Consolidated Statement of financial position, the Consolidated Statement of profit or loss, the Consolidated Statement of other comprehensive income, the Consolidated Statement of Cash flows, the Consolidated Statement of changes in Shareholders' Equity and the related Explanatory Notes.

The balance sheet and income statement values reported in the Statements, the Statement of Cash Flow and the Explanatory Notes are compared with those at 31 December 2020. The consolidated Financial Statements at 31 December 2021 were prepared on a historical cost basis, except for the financial instruments that have been measured at fair value.

After assessing any possible uncertainties surrounding the Group's ability to continue as a going concern, including financial risks described in note 36 and other market risks associated with the proceedings in progress described in notes 15 and 18, the directors decided to prepare the Consolidated Financial Statements on a going-concern basis.

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

The Financial Statements at 31 December 2021 have been presented in Euro, which is the Group's functional currency. All values showed in the statements and in the explanatory notes are in thousands of Euro, unless otherwise stated.

2.1 Statement of compliance with international accounting standards (IFRS)

The Consolidated Financial Statements at 31 December 2021 have been prepared in accordance with the International Financial Reporting Standards ("IFRS"). The Rekeep Group is subject to Letter f) of Article 2 under the Italian Legislative Decree no. 38 of 28 February 2005, which rules the exercise of the options provided for by the Article 5 of Regulation (EC) 1606/2002 about the International Financial Reporting Standards and, therefore, pursuant to Article 3, paragraph 2, and Article 4, paragraph 5, of the aforesaid Italian Legislative Decree, the Parent Company has applied the IFRS as adopted by the European Union in the preparation of its consolidated and separate Financial Statements as from the year ended 31 December 2005.

2.2 Changes in accounting standards and disclosures

The criteria adopted for the preparation of the consolidated Financial Statements are consistent with those used to prepare the consolidated Financial Statements of the previous year, with the exception of the standards and interpretations which are newly issued and applicable from 1 January 2021, in addition to the amendments to standards already in force.

The Group did not provide for the early adoption of any standard, interpretation or improvement issued but still not obligatorily in force.

New or revised IFRS and interpretations applicable from 1 January 2021

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

- on 31 March 2021 the IASB published the following amendment "*Covid-19-Related Rent Concessions beyond 30 June 2021 (Amendments to IFRS 16)*" by which it extends by one year the period of application of the amendment to IFRS 16, issued in 2020, which allowed lessees to account for Covid-19-related rent concessions and provide them with an exemption from assessing, through contract analysis, whether the definition of lease modification is met under IFRS 16. Therefore, lessees applying this option in 2020, accounted for the effects of rent concessions directly through profit or loss on the effective date of the concession. The 2021 amendment, which is available only to entities that have already adopted the 2020 Amendment, applied from 1 April 2021, with early adoption permitted;
- On 25 June 2020 the IASB published the following amendment: "*Extension of the Temporary Exemption from Applying IFRS 9 (Amendments to IFRS 4)*". The amendments allow the temporary exemption from applying IFRS 9 to be extended until 1 January 2023 for insurance companies;
- On 27 August 2020 the IASB published, following the reform of interbank interest rates such as IBOR, the document on the "*Interest Rate Benchmark Reform - Phase 2*", which makes amendments to the following standards:
    - IFRS 9 Financial Instruments;
    - IAS 39 Financial Instruments: Recognition and Measurement;
    - IFRS 7 Financial Instruments: Disclosures;
    - IFRS 4 Insurance Contracts;
    - IFRS 16 Leases.

All amendments became effective from 1 January 2021.

The application of these amendments has not had any significant impact on the Consolidated Financial Statements at 31 December 2021.

Accounting standards, amendments and IFRS and IFRIC interpretations endorsed by the European Union, which are not yet mandatorily applicable and not early adopted by the Group

On 14 May 2020 the IASB published the following amendments:

- *Amendments to IFRS 3 Business Combinations*: these are aimed at updating the reference to the Conceptual Framework in the revised version under IFRS 3, without this entailing amendments to the provisions of the standard;
- *Amendments to IAS 16 Property, Plant and Equipment: Proceeds before Intended Use:* the amendment clarifies that it is impossible to deduct from the costs of property, plant and equipment any revenue arising from selling items produced in the test phase of activities. Revenues arising from selling these products and related production costs must be separately recognized through profit or loss;

- *Amendments to IAS 37 Provisions, Contingent Liabilities and Contingent Assets - "Onerous Contracts – Costs of Fulfilling a Contract"*: the amendment clarifies what costs an entity considers in assessing whether a contract is onerous or priced at a loss. The amendment provides for the adoption of a directly related cost approach, according to which entities must consider any and all costs that are directly attributable to the contract. Accordingly, the assessment of whether a contract is onerous includes incremental costs (such as, for example, the cost of direct materials used in the work), as well as all the costs an entity cannot avoid because it has entered into the contract (such as, for example, the depreciation of the machinery used in fulfilling the contract). General and administrative costs do not relate directly to a contract and are excluded unless they are explicitly chargeable to the other party;
- *Annual Improvements to IFRS 2018-2020:* (i) *Amendments to IFRS 1 "First-time Adoption of International Financial Reporting Standards – Subsidiary as a First-time Adopter"*: this amendment allows a subsidiary to account for cumulative translation differences of foreign currency transactions by using the amounts reported in the consolidated financial statements of the parent company, considering the date of transition to IFRS on the part of the parent company. This amendment shall also apply to associates or joint ventures; (ii) A*mendment to IFRS 9 "Financial Instruments – Fees in the '10 per cent' Test for Derecognition of Financial Liabilities"*: the amendment clarifies that the fees an entity must consider for the purposes of the 10% test (to establish whether there is a substantial change in the conditions of a financial liability) are only fees paid or received between the borrower and the lender, including on behalf of others. An entity applies this amendment to financial liabilities that are modified or exchanged after the date of the first financial period in which the entity applies the amendment for the first time; (iii) *IAS 41 Agriculture*: the amendment removes the requirement that must be met for an entity to exclude cash flows for taxation when measuring the fair value of assets; (iv) *IFRS 16 Leases, Illustrative Example.*

All amendments will become effective from 1 January 2022. The directors do not expect any material effect on the Group's Consolidated Financial Statements from the adoption of these amendments.

On 18 May 2017 the IASB published IFRS 17 – Insurance Contracts and related amendments, which are intended to replace IFRS 4 – Insurance Contracts;

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

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

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

The main features of the General Model are:

- estimates and expectations of future cash flows are always current;
- the measurement reflects the time value of money;

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

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

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

The standard shall apply from 1 January 2023, with early adoption permitted, only for entities that apply IFRS 9 - Financial Instruments and IFRS 15 - Revenue from Contracts with Customers. The directors do not expect any material effect on the Group's consolidated financial statements from the adoption of this standard.

On 12 February 2021 the IASB published two amendments: “Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2)” and “Definition of Accounting Estimates (Amendments to IAS 8)”. The amendments are aimed at improving disclosures on accounting policies so as to provide more useful information to investors and other primary users of financial statements, as well as to help companies distinguish changes in accounting estimates from changes in accounting policies. The amendments shall apply from 1 January 2023, with early adoption permitted. The directors do not expect any material effect on the Group's consolidated financial statements from the adoption of these amendments.

Accounting standards, amendments and IFRS interpretations not yet endorsed by the European Union

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

- On 23 January 2020 and 15 July 2020 the IASB published “Amendments to IAS 1 - Presentation of Financial Statements: Classification of Liabilities as Current or Non-current”. The document aims to clarify how to classify debts and other short- or long-term liabilities. The amendments will become effective from 1 January 2023, with early adoption permitted. The directors do not expect any material effect on the Group's consolidated financial statements from the adoption of this amendment.
- On 7 May 2021 the IASB published “Amendments to IAS 12 Income Taxes: Deferred Tax related to Assets and Liabilities arising from a Single Transaction”. The document clarifies the method by which deferred taxes should be accounted for on certain transactions that can generate assets and liabilities for an equal amount, such as leases and decommissioning

obligations. The amendments shall apply from 1 January 2023, with early adoption permitted. The directors do not expect any material effect on the Group's consolidated financial statements from the adoption of this amendment;

- On 9 December 2021, the IASB published "*Amendments to IFRS 17 Insurance contracts: Initial Application of IFRS 17 and IFRS 9 – Comparative Information*". The amendment is a transition option relating to comparative information on financial assets presented at the date of initial application of IFRS 17, aimed at avoiding temporary accounting mismatches between financial assets and insurance contract liabilities, and thus improving the usefulness of comparative information for readers of financial statements. The amendments shall apply from 1 January 2023, together with the application of IFRS 17. No significant impact is expected from the application of the new standard on the Consolidated Financial Statements, as the Group does not conduct any insurance business;
- On 30 January 2014 the IASB published the accounting standard IFRS 14 – *Regulatory Deferral Accounts*, which only allows first-time adopters of IFRS to continue to recognize amounts relating to Rate-Regulated Activities according to the previous accounting standards adopted. This standard is not applicable since the Group is not a first-time adopter.

2.3 Discretionary assessments and significant accounting assumptions

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

Discretionary assessments

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

Uncertainty of estimates

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

Impairment test

Goodwill is subject to impairment test at least annually, or more frequently if there is an indication of potential impairment in the carrying amounts. This requires an estimate of the value in use of the CGU (cash-generating unit) to which the goodwill is allocated, in turn based on an estimate of expected cash flows from the CGU and their discounting on the basis of a suitable discount rate. At 31 December 2021 the carrying amount of Goodwill was equal to € 404,706 thousand (€ 402,562 thousand compared to 31 December 2020). See note 7 for details.

Provisions for risks and charges and Allowance for doubtful accounts

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

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

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

Recognition of revenues and costs from contracts with customers

The Group uses the percentage of completion method to account for activities on long-term contracts for the building and improvement of properties or technological plants for which it does construction work. The margins recognized in profit and loss depend both on the progress of the works and the margins on the entire work when completed; therefore if work in progress and margins on work not yet completed are to be recognized correctly, the Directors must make correct estimates of the costs of completion, possible increases in cost, delays, extra costs and penalties which could reduce the expected margin. The use of the percentage of completion method requires the Group to estimate the costs of completion, which entails the adoption of assumptions depending on factors which could change in time and could therefore have a substantial impact on current estimates. Should actual costs be different from estimated costs, this change will impact on the results for future periods.

Deferred tax assets and likelihood of these being reversed in the future

Deferred tax assets are recognized to the extent that there is a likelihood of there being sufficient future taxable profit for the losses to be utilized. This means that the management must make a strong commitment to working out a correct estimate of the amount of tax assets which can be recognized on the basis of the level of future taxable profit, the timing of the receipt of the profits and tax planning strategies.

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

The cost of defined-benefit pension plans and of any other post-employment medical benefit, as well as the present value of the defined-benefit liability, are determined on the basis of actuarial assumptions. Actuarial assessments require various assumptions to be made which can differ from actual developments in the future. These assumptions also include the calculation of the discount rate, future pay rises, the mortality rate and future increases in pensions. Owing to the complexity of the assessment and its long- term nature, these estimates are extremely sensitive to changes in assumptions. All the assumptions are reviewed on an annual basis. See note 14 for details.

Consolidation principles

The Consolidated Financial Statements include the financial statements of Rekeep S.p.A. ("the 'Parent Company"", "Rekeep S.p.A." or "Rekeep") and its subsidiaries, prepared as at 31 December 2021. The financial statements of the subsidiaries have been prepared by adopting for each closing date the same accounting standards as those applied for the parent company.

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

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

Joint-ventures with other shareholders and associates are accounted for under equity method. Changes in the Group's shareholding in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

Changes in the Group's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. Minority interests represent the portion of profits or losses and net assets not held by the Group and are disclosed under

a separate item in the consolidated Statement of profit or loss for the year and in the Consolidated Statement of Financial Position under Equity items, separately from the Group's Equity.

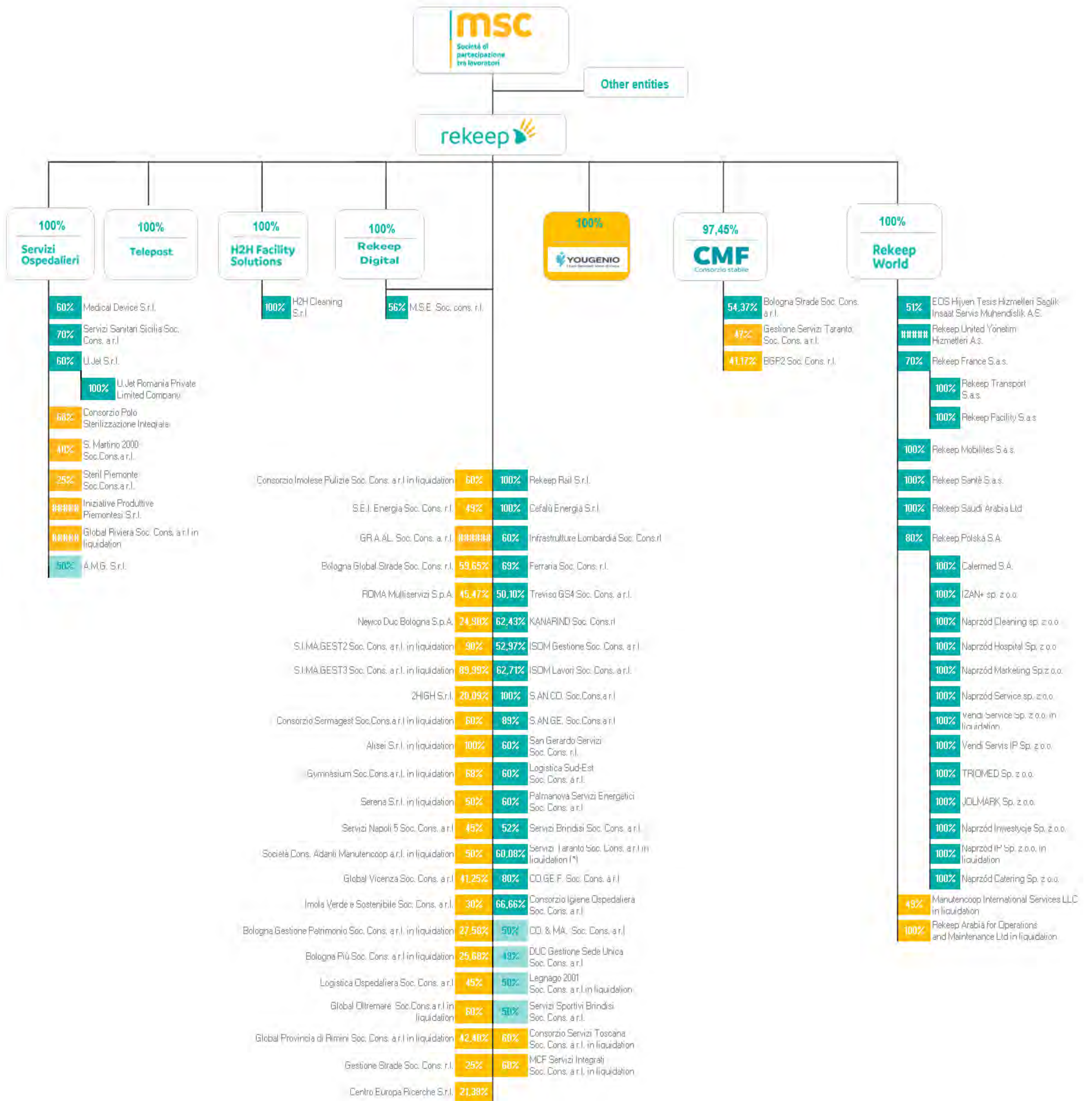
Conversion of financial statements of foreign companies

The financial statements are presented in Euro, the Group's functional currency. Statements of financial position and income statements stated in foreign currency are converted to Euro using the year-end exchange rates for the items of the Statement of Financial Position and average exchange rates for items in the Income Statement. Differences arising from the conversion of opening shareholders' equity at year-end exchange rates are charged to the currency conversion reserve, together with the difference arising from the conversion of the result for the period at average exchange rate with respect to year-end exchange rates.

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

Currency	Exchange rate at 31 December 2021	Average exchange rate for the year ended 31 December 2021	Exchange rate at 31 December 2020	Average exchange rate for the year ended 31 December 2020
Romanian Leu (RON) – Romania	4.9490	4.9380	N/A	N/A
Turkish Lira (TRY) – Turkey	15.2335	10.5124	9.1131	8.0547
Qatar Riyal (QAR)– Qatar	4.1227	4.3052	4.4666	4.1576
Saudi Arabia Riyal (SAR) – Saudi Arabia	4.2473	4.4353	4.6016	4.2832
Zloty (PLN) – Poland	4.5969	4.5652	4.5597	4.4430

Scope of consolidation at 31 December 2021 is shown below.



Legend:

Associates and other companies consolidated for under the equity method del patrimonio netto

Joint Ventures consolidated for under the equity method

Subsidiaries consolidated on a line-by-line basis

(**) In liquidation starting from 01.01.2022

During the 2021 financial year note the following events:

- on 4 January 2021 there was the sale of the 20% investment in the quota capital of Gico Systems S.r.l.;
- on 16 April 2021 there was the acquisition of the remaining 30% of the quota capital of Cefalù Energia S.r.l. (already controlled). It should be noted that the company changed its corporate from S.p.A. (*Società per Azioni* – Join-Stock Company) to S.r.l. (*Società a responsabilità limitata* – Limited Liability Company) on 27 September 2021;
- on 28 May 2021 the 50.1%-owned company Treviso GS4 Soc. Cons. a r.l. was established;
- on 1 June 2021 Servizi Ospedalieri S.p.A. acquired a 60% investment in the quota capital of U.Jet S.r.l., which is based in Bastia Umbra (Perugia) and of its subsidiary U.Jet Romania Private Limited Company;
- on 7 June 2021 Przedsiębiorstwo Produkcyjno-Handlowo-Usługowe Postęp Sp. z o.o. (wholly owned by Rekeep Polska S.A.) was merged by incorporation into JOL-MARK sp. z o.o. (which is also wholly owned by Rekeep Polska S.A.);
- on 15 June 2021 Vendi Cleaning sp. z o.o. and Vendi Marketing sp. z o.o. (wholly owned by Rekeep Polska S.A.) were merged by incorporation into Naprzód Marketing sp. z o.o. (which is also wholly owned by Rekeep Polska S.A.);
- the winding-up procedure was started for Rekeep Arabia for Operations and Maintenance Ltd on 30 August 2021;
- on 24 September 2021 the company Rekeep Santé S.a.s. was established, which is based in Paris (France), the share capital of which is wholly held through subsidiary Rekeep World S.r.l.;
- on 4 October 2021 the company Rekeep Mobilites S.a.S. was established, which is based in Paris (France), the share capital of which is wholly held through subsidiary Rekeep World S.r.l..

2.4 Summary of the main accounting policies

Property, plant and equipment

Property, plant and equipment are recognized at historical cost, net of the associated accumulated depreciation and accumulated impairment losses. This cost includes the costs for the replacement of part of the plant and equipment at the moment they are incurred if they conform to the recognition criteria.

Depreciation is calculated on a straight line basis in line with the estimated useful life of the asset, starting from the date the asset becomes available for use, until the date it is sold or disposed of. The carrying amount of property, plant and equipment is subject to impairment test when events or changes suggest that the carrying amount may not be recoverable. A tangible asset is derecognized from the financial statements at the moment of sale or when no future economic benefits are expected from its use or disposal. Any profits or losses (calculated as the difference between net proceeds from the sale and the carrying amount) are included in the income statement in the year of the aforementioned derecognition. The residual value of the asset, useful life and method applied are reviewed annually and adjusted, if necessary, at the end of each financial year.

The useful life of the various classes of tangible assets is estimated as shown below:

	Useful life
Plant and equipment, maintenance and landscaping	11 years
Plant and equipment, maintenance and construction of properties	From 6.5 to 10 years
Telephone systems	4 years
Properties	33 years
Equipment for cleaning/landscaping activities	6.5 years
Equipment for technological system management	3 years
Equipment for building construction and maintenance	2.5 years
Other industrial and commercial equipment	10 years
Laundry equipment	8 years
Linen	From 2.5 to 4 years
Vehicles	From 4 to 5 years
Office furniture and equipment	From 5 to 8 years
Leasehold improvements (including under plant and equipment)	< between useful life and lease term

The item property, plant and equipment in the statement of financial position includes not only property, plant and equipment in the strictest sense, but also machinery, motor vehicles, office machines and furniture.

Financial costs arising from the purchase are charged to the income statement except in the case in which they are directly attributable to the acquisition, construction or production of an asset which justifies their capitalization (qualifying asset), in which case they are capitalized. A qualifying asset is an asset that requires a certain period to be ready for use.

The capitalization of financial costs substantially ceases when all the activities needed to make the qualifying asset ready for use have been completed.

Extraordinary maintenance expenses are only included in the carrying amount of the asset when the company is likely to receive the associated economic benefits in the future and the cost can be reliably measured. The costs of repairs, maintenance or other operations to ensure the functioning of the assets are charged to the income statement in the year in which they are incurred.

Leasehold improvements are classified, on the basis of the nature of the cost incurred, under property, plant and equipment when they meet the capitalization criteria set forth by IAS 16. The period for depreciation corresponds to the lower of the residual useful life of the tangible asset and the residual lease term.

Business combinations

Business combinations are recognized according to the acquisition method. Under this method, the consideration transferred in a business combination is measured at fair value, calculated as the sum of the fair values of the assets transferred and liabilities assumed by the Company at the acquisition date and the equity instruments issued in exchange for control over the acquiree. Additional transaction costs are generally recognized through profit or loss when they are incurred.

At the acquisition date, the identifiable assets acquired and liabilities assumed are recognized at fair value applicable on the acquisition date, except for the following items that are instead measured in accordance with their relevant standard:

- Deferred tax assets and liabilities;
- Assets and liabilities for employee benefits;
- Liabilities or equity instruments relating to payments based on the acquiree's shares or share-based payments relating to the Company, issued to replace the acquiree's contracts;
- Assets held for sale and Discontinued Operations.

Goodwill is determined as the excess of the sum of the consideration transferred in the business combination, the value of the shareholders' equity attributable to non-controlling interests and the fair value of any previously-held equity interest in the acquiree compared to the acquisition-date fair value of the net assets acquired and liabilities assumed. If the acquisition-date value of the net assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the value of shareholders' equity attributable to non-controlling interests and the fair value of any previously-held equity interest in the acquiree, this excess is immediately recognized in the income statement as a profit arising from the transaction that has been completed.

Any consideration subject to the conditions set out in the business combination agreement is measured at acquisition-date fair value and included in the value of the consideration transferred in the business combination for the purpose of determining goodwill. Any subsequent fair value changes, which can be qualified as adjustments arising during the measurement period, are included in the goodwill on a retrospective basis. Fair value changes that can be described as adjustments arising in the measurement period are those that arise from more information about facts and circumstances that existed at the acquisition date, obtained during the period of measurement (which may not exceed 1-year period after the business combination).

In the event of business combinations that occurred in stages, the equity interest previously held by the Company in the acquiree is remeasured at fair value at the date control is acquired and any resulting gain or loss is recognized in the income statement. Any values arising from the previously-held equity interest recognized in Other Comprehensive Income or Losses are reclassified in the income statement as if the investment had been sold.

If the initial values of a business combination are incomplete on the reporting date when the business combination took place, the Company reports in its financial statements the provisional values of the items for which recognition cannot be completed. These provisional values are adjusted in the measurement period in order to take account of new information gathered on facts and circumstances existing at the acquisition date which, if known, would have affected the value of assets and liabilities recognized at that date.

Goodwill

Goodwill arising in a business combination, is initially valued at cost, represented by the excess of the cost of the business combination with respect to the share pertaining to the Group in the net fair value relating to the identifiable values of assets and liabilities acquired and contingent liabilities. After the initial recognition, goodwill is valued at cost less any accumulated impairment losses. Goodwill is subject to an analysis of fairness on an annual basis, or more frequently if events or changes are identified which may give rise to impairment losses.

For the purposes of this analysis of fairness, goodwill is allocated, from the date of acquisition, when the allocation is possible without arbitrariness, to each of the cash-generating units of the Group which believe that they will benefit from the synergies of the acquisition, irrespective of the allocation of other assets or liabilities to said units. Each unit to which goodwill is allocated:

- represents the lowest level, within the Group, at which goodwill is monitored for internal management purposes; and
- is not larger than the segments identified on the basis of either the primary of secondary presentation layout as regards disclosures on the Group's operating segments, based on IFRS 8 - Operating Segments.

Impairment is determined as the difference between the recoverable value of the cash-generating unit (or group of units) to which goodwill is allocated ("impairment test") and the book value of goodwill allocated thereto.

When the recoverable value of the cash-generating unit (or group of units) is lower than the carrying amount, an impairment loss is recognized. The value of goodwill previously written down cannot be restored.

Other intangible assets

Intangible assets acquired separately are initially capitalized at cost, while those acquired through business combinations of companies not subject to joint control are capitalized at fair value on the date of acquisition. After initial recognition, intangible assets are recorded at cost net of amortization and accumulated impairment losses.

The useful life of the intangible assets is finite or indefinite. Intangible assets with a finite useful life are amortized over their useful life and subject to fairness tests whenever there is evidence of potential impairment losses. The period of amortization and method applied thereto are reviewed at the end of each financial year or more frequently if necessary. Changes in the expected useful life or the methods with which the future economic benefits of the intangible asset are achieved by the Group are recorded by modifying the period or method of amortization, as necessary, and treated as changes in the accounting estimates. The amortization charges of intangible assets with a finite useful life are recorded in the income statement under the cost item of "amortization, depreciation, impairment losses and write-backs of assets".

The Group did not record any intangible assets with an indefinite useful life, with the exception of goodwill.

The principles the Group applied for intangible assets are summarized below:

	Concessions, licenses, trademarks and similar rights	Other intangible assets
Breakdown of composition	Software and Trademarks	Contractual customers relations
Useful Life	Finite	Finite
Method used	Amortization on a straight line basis over the shortest time span between: > legal term of the right > expected financial period of use	Amortization in proportion to consumption of related backlog
Produced internally or purchased	Purchased	Acquired in business combination
Impairment tests / tests on recoverable value	Yearly or more frequently when there is evidence of impairment	Yearly or more frequently when there is evidence of impairment

Profits or losses arising from the disposal of an intangible asset are measured as the difference between the net sales revenue and the carrying amount of the asset, and are recognized in the income statement at the moment of disposal.

Equity investments in joint ventures and associates

According to the equity method, the equity investment is recognized in the balance sheet at cost increased by changes, after the acquisition, in the Group's share of the investee's net assets. Goodwill relating to the associate is included in the carrying amount of the equity investment and not subject to amortization. Following application of the equity method, the Group determines whether it is necessary to recognize any additional impairment losses with reference to the Group's net equity investment in the investee. The income statement reflects the Group's share of the investee's result for the year. In the event in which the investee recognizes adjustments directly in shareholders' equity, the Group recognizes its share, and presents this, where applicable, in the statement of changes in shareholders' equity.

In the majority of cases, the end of the investees' financial year is the same as that of the Group. Where this does not occur, in most cases, the investees prepare accounting statements at the reporting date of the Group's financial year. The accounting standards used conform to those used by the Group.

Impairment of assets

At the reporting date of the financial statements, the Group assesses whether there is any evidence of impairment of assets. In this case, or in the event an annual impairment test is required, the Group prepares an estimate of the recoverable value. The recoverable value is the higher of the fair value of an asset or cash-generating unit, net of selling costs and its value in use and is determined for each individual asset, except when said asset does not generate cash flows that are largely independent from those generated by other assets or groups of assets. If the carrying amount of an asset is higher than its recoverable value, said asset has been impaired and is subsequently written down to its recoverable value. In calculating the value in use, the Group discounts estimated future cash flows at the present value by using a pre-tax discount rate which reflects the market valuations on the time value of money and the specific risks of the asset. Impairment losses of operating assets are recognized in the income statement under 'amortization, depreciation, impairment losses and write-backs of assets'.

At each reporting date, the Group also assesses whether there is any evidence that the impairment losses recorded previously no longer exist (or have fallen) and, if said evidence exists, estimates the recoverable value. The value of an asset previously written down may only be restored if there have been changes to the estimates used to calculate the recoverable value of the asset following the latest recognition of an impairment loss. In said case, the carrying amount of the asset is adjusted at the recoverable value, without, however, the increased value exceeding the carrying amount that would have been determined, net of amortization, if no impairment loss had been recognized in the preceding years. Any write-back is recognized as income in the income statement, in the same category in which the write-down was recorded, except where the asset is recognized in a revalued amount, in which case the write-back is treated as a revaluation. After a write-back has been recognized, the amortization charge of the asset is adjusted in future periods, in order to break down the modified carrying amount, net of any residual values, on a straight line basis over the residual useful life.

Financial assets

IFRS 9 makes provision for the following types of financial instruments:

- financial assets at amortized cost, i.e. trade receivables and debt instruments characterized by contractual cash flows at defined maturities, represented solely by the repayment of principal and the payment of interest, as well as by a business model that envisages holding them for the sole purpose of receiving such flows;
- financial assets at fair value through OCI (FVTOCI), which include equity instruments that are non held for sale, for which, upon initial recognition, an irrevocable option was exercised for the recognition of fair value changes in a specific equity reserve, as well as debt instruments characterized by contractual cash flows, represented solely by the repayment of principal and the payment of interest, as well as by a business model that is aimed at the sale of these instruments;
- financial assets at fair value through profit or loss (FVTPL), a category which includes the financial assets for which the conditions for recognition at amortized cost are not fulfilled, as well as equity instruments for which the irrevocable option of recognition at FVTOCI has not been exercised, and debt instruments characterized by contractual cash flows and by a business model that does not allow their recognition in the previous categories.

All financial assets are initially recognized at fair value, increased, in the event of assets other than those at fair value through profit or loss, by additional charges. Following the initial recognition, the Group determines the classification of its financial assets and, where appropriate and permitted, reviews said classification at the closing date of each financial year.

The accounting policies applied by the Group are the following:

Financial assets at amortized cost

Financial assets accounted for at amortized cost are measured using the effective discount rate method. Profits or losses are recognized through profit or loss when financial assets are derecognized from the accounts or when impairment losses occur, as well as through the amortization process.

Financial assets at fair value through OCI

Financial assets at fair value through OCI (FVTOCI) are measured at fair value and profits or losses must be recognized in a separate equity item.

For the year ended, however, as in the previous year, the Group only classifies investments of lower than 20% in this category of assets, which are valued at cost when it can be regarded as a representation of fair value. In particular, consortium companies and consortia, which are not listed on regulated markets and whose objective is to regulate relations as part of temporary business combines established for the operational purposes of management of some service contracts, are valued at cost, represented by the portion of subscribed share capital.

Inventories

Inventories are valued at the lower of cost and net presumed realizable value.

The costs incurred to deliver each asset to its current location and for warehousing are recognized as follows:

Raw materials (excluding fuel)	Purchase cost based on the weighted average cost method
Fuel inventories	Purchase cost based on the weighted average cost method

The net presumed realizable value of raw materials is represented by the replacement cost.

Trade receivables and other receivables

Trade receivables, which generally have contractual maturities of between 30-90 days, are recognized at nominal value, stated in the invoice, net of the provisions for bad debts. This allocation is made in the presence of objective evidence that the Group will not be able to collect the receivable. Uncollectible receivables are written down when they are identified. Receivables and payables in a foreign currency other than the functional currency of the individual entities are adjusted at the year-end exchange rates.

Contract assets on plan construction orders

A job order is a contract specifically stipulated for the construction of an asset on the instructions of a customer, who defines its design and technical features on a preliminary basis.

Job order revenues include the considerations initially agreed with the customer, in addition to the changes to the job order and price variations set out in the contract which can be determined reliably.

When the result of the job order can be determined reliably, the job orders are valued on the basis of the percentage of completion method. The progress status is determined by making reference to the costs of the job order incurred up to the balance sheet date as a percentage of total estimated costs for each job order. The percentage of completion determined in this manner is then applied to the contract price in order to determine the value of contract assets, classified under "Trade receivables". When the costs of the job order are likely to exceed total revenues, the expected loss is recognized immediately as a provision. Should the amount of the contract price already invoiced exceed the estimated value of contract assets, it must

be recognized as a payable for the portion exceeding the value of the same and, as such, must be classified under "Contract liabilities".

Cash and cash equivalents

Cash and cash equivalents and short-term deposits in the statement of financial position include cash at hand and sight and short-term deposits, in the latter case with an original maturity of no more than three months.

Loans

All loans are initially recognized at the fair value of the consideration received net of additional charges involved in raising the loan. After initial recognition, loans are valued according to the amortized cost criterion using the effective interest rate method. All profits or losses are recognized in the income statement when the liability is extinguished, as well as through the amortization process.

Derecognition of financial assets and liabilities

Financial Assets

A financial asset (or, where applicable, part of a financial asset or parts of a group of similar financial assets) is derecognized from the accounts when:

- the contractual rights over cash flows arising from financial assets have expired ;
- the Group has transferred the financial asset (transferring the right to receive cash flows from the asset or retaining the right to receive these but assuming the contractual obligation to pay them in full and without delay to a third party) and has transferred substantially all risks and rewards of ownership of the financial asset.

If, as a result of the transfer, a financial asset is derecognized in full, but the result is that the Group obtains a new financial asset or assumes a new financial liability, the Group recognizes the new financial asset, financial liability or liability originating from service at fair value.

Financial Liabilities

A financial liability is derecognized from the accounts when the obligation underlying the liability is discharged, cancelled or fulfilled. In cases where an existing financial liability is replaced by another of the same provider, under essentially different conditions, or the conditions of an existing liability are essentially modified, said exchange or modification is treated as derecognition of the original liability and the recognition of a new liability, and any differences in the carrying amounts are booked to the income statement.

Impairment of financial assets

At the reporting date, the Group assesses whether a financial asset or group of financial assets has incurred any impairment loss.

Assets valued according to the amortized cost criterion

If there is an objective evidence that a loan or a receivable carried at amortized cost has suffered an impairment loss, the amount of the loss is measured as the difference between the carrying amount of the asset and the present value of estimated future cash flows (excluding future credit losses still not incurred) discounted at the original effective interest rate of the financial asset (i.e. effective interest rate calculated at the initial recognition date). The carrying amount of the asset will be reduced both directly and through the use of a provision. The amount of the loss will be recognized through profit or loss.

The Group firstly assesses whether there is any objective evidence of an impairment loss at individual level, for financial assets that are significant on an individual basis, and therefore at individual or collective level for financial assets that are not significant on an individual basis. In the absence of any objective evidence of impairment of a financial asset that is valued individually, whether it is significant or not, said asset is included in a group of financial assets with similar credit risk characteristics and said group is subject to impairment test in a collective fashion, by determining the forecast insolvency rate, i.e. the loss rate (Probability of default "PD") for the amount of expected losses (Loss Given Default "LGD") calculated taking account of elements of forward looking, thus also reporting and representing incurred losses. The assets valued at individual level and for which an impairment loss is recognized or continues to be recognized, will not be included in a collective valuation.

If, in a subsequent financial year, the size of the impairment loss falls and said reduction can be related objectively to an event which occurred after the recognition of the impairment loss, the previously reduced value can be written back. Any subsequent write-backs are recognized through profit or loss to the extent the carrying amount does not exceed the amortized cost at the write-back date.

Assets recognized at cost

If there is objective evidence of an impairment of an unlisted equity instrument which is not recognized at fair value since it cannot be measured reliably, or of a derivative instrument which is linked to said equity instrument and has to be settled through the delivery of said instrument, the amount of the impairment loss is measured by the difference between the carrying amount of the asset and the present value of expected future cash flows and discounted at the current market rate of return for a similar financial asset.

Financial assets at fair value through OCI

In the case of an impairment of a financial asset at fair value through OCI, a transfer from shareholders’ equity is effected of a value equal to the difference between its cost (net of the repayment of capital and amortization) and its present fair value. Write- backs of instruments classified in this category are also recognized in a specific equity reserve.

Provisions for risks and charges

Accruals to provisions for risks and charges are made when the Group has to fulfill a current obligation (legal or implicit) resulting from a past event, resources are likely to be sacrificed to meet said obligation and its amount can be estimated reliably.

When the Group believes that an accrual to the provision for risks and charges will be partially or fully reimbursed, e.g. in the event of risks covered by insurance policies, the compensation is recognized separately under assets if and only if it is virtually certain. In said case, a cost is stated through profit or loss which is the cost of the associated related accrual, net of the amount recognized for the compensation.

If the effect of discounting the value of money is significant, accruals are discounted using a pre-tax discount rate which reflects, where appropriate, the specific risks of the liabilities. When discounting is carried out, the increase in the provision due to the passing of time is recognized as a financial cost.

Provision for employee termination benefits

Liabilities in the form of employee termination benefits are only recognized when the Group is demonstrably committed to: (a) terminate the employment of an employee or group of employees before the normal retirement date; or (b) provide termination benefits as a result of an offer made in order to encourage voluntary resignation for redundancy purposes. The Group is demonstrably committed to terminate employment only when it has a detailed formal plan for the dismissal (termination of employment) and is without realistic possibility of withdrawal from the plan.

Employee benefits

Italian legislation (art. 2120 of the Civil Code) requires that, on the date of termination of their employment with the company, each employee receives compensation known as ESI (Employee Severance Indemnity). Calculation of this indemnity is based on certain items that form the annual employee remuneration for each year of employment (re-valued as necessary) and on the length of service. According to statutory Italian legislation, said indemnity is reported in the financial statements according to a calculation method based on the indemnity accrued by each employee at the balance sheet date, in the assumption that all employees terminate their employment at said date.

The IFRIC issued by the IASB tackled the issue of Italian ESI and concluded that, in application of IAS 19, it falls within the scope of “defined benefit” plans, as regards post-employment benefits and, as such, must be calculated using the Projected Unit Credit Method (PUCM), in which the amount of liabilities in the form of acquired benefits must reflect the expected date of termination and must be discounted.

Following the 2007 reform of national legislation which governs, for Companies with more than 50 employees, ESI accruing from 1 January 2007, it is established as a “defined contribution” plan, whose payments are accounted for directly in the income

statement, as a cost, when recognized. ESI accrued up until 31 December 2006 remains a defined benefit plan, without future contributions.

The Group accounts for actuarial gains or losses arising from the application of the aforementioned method (PUCM) in an appropriate equity reserve according to the provisions of IAS 19 pars. 120 and 128.

The actuarial valuation of the liability was entrusted to an independent actuary.

The Group has no other significant defined benefit pension plans.

Leases

According to IFRS16 a lease is an agreement that grants the right to use an asset ("the underlying asset") for a certain period of time against the payment of a consideration. At the inception of the contract the entity must assess whether the contract is, or contains, a lease. The contract is, or contains, a lease if it gives the entity the right to control the use of a specified asset for a period of time in exchange for consideration. An entity must reassess whether a contract is, or contains, a lease only if the terms and conditions of the contract are amended.

For a contract that is, or contains, a lease, the entity must account for each lease component as a lease separately from non-lease components. For contracts that contain a lease component and one or more lease and non-lease components, the lessor must allocate the consideration under the contract by applying IFRS15.

"Finance" lease contracts, which substantially transfer all risks and rewards of ownership of the leased asset, are capitalized at the date of the start of the lease at the fair value of the leased asset or, if lower, at the present value of rental fees. Rental fees are split between the portions of principal and interest so as to obtain the application of a constant interest rate on the residual debt balance. Financial costs are charged directly to the income statement. Capitalized leased assets are amortized over the estimated useful life of the asset and the lease term, whichever is the shorter, if there is no reasonable certainty that the ownership of the asset will be obtained at the end of the contract.

At the effective date, the lessee must measure the liability under an operating lease at the present value of lease payments outstanding at that date. Lease payments must be discounted back by using the interest rate implicit in the lease if it is determinable reliably. If it is not possible, the lessee must use its marginal borrowing rate. The underlying asset, which consists of the Right Of Use (ROU), must be recognized among assets must be recognized against an entry for this liability. After the effective date, the lessee must measure the asset consisting of the right of use by applying a cost model, unless the fair value model or the revaluation model is applied. Group companies do not apply such alternative models.

Following the adoption of IFRS16 the accounting treatment of operating leases is then in line with the provisions laid down in IAS17 previously in force: the liability for lease payments and the asset in relation to which the entity has a right to use must be reported at the date of recognition of the lease, accounting for financial charges and the asset's amortization/depreciation

separately. In fact, as regards the lessor, the accounting method is substantially unchanged with respect to the provisions laid down under the previous IAS17. Finally, the Group has adopted some exceptions allowed by the accounting standard, excluding any lease with a term of less than 12 months, as well as any lease and hire of low value (less than € 5,000) from the related scope of application. Furthermore, the Group has exercised its right to not review whether a contract is, or contains, a lease on the date of first-time adoption(IFRS16.C3).

Revenue recognition

Revenues are recognized to the extent in which it is likely that economic benefits can be achieved by the Group and the associated amount can be determined reliably. The following specific revenue recognition criteria must be complied with before revenues are charged to the income statement:

Provision of services

The main types of service provided by the Group, separately or jointly as part of Integrated Services, are:

- operation and maintenance of properties and plants, often associated with the provision of heat (energy service);
- cleaning and environmental hygiene services;
- landscaping;
- project management services;
- design services;
- linen rental and industrial laundering and sterilization services.

Revenues are recognized on the basis of the progress of the services underway at the balance sheet date, measured as a percentage with reference to the different variables depending on the services provided and the contracts stipulated with the customer (square meters, hours, costs incurred, hospital days).

The provisions of services, which are still not completed at the reporting date, constitute contract assets and are classified under trade receivables.

Revenues billed at the balance sheet date, which exceed the amount accrued on the basis of the progress status of the service, are suspended under contract liabilities, and classified under trade payables. The considerations, also as part of multi-service contracts, are, as a rule, defined separately by service type and the amount of revenues to be attributed to the individual services is quantified at fair value.

When the outcome of a services transaction cannot be measured reliably, revenues are only recognized to the extent it is believed that the costs incurred can be recovered.

Plant construction activities

The Group recognizes the revenues arising from building contracts on the basis of the percentage of completion of the job order, measured as a percentage of the costs incurred with respect to the total estimated costs for completing the work. When

the outcome of a job order cannot be measured reliably, revenues are only recognized to the extent it is believed that the costs incurred can be recovered.

Sales of assets

The revenue is recognized when the company has transferred all significant risks and rewards related to ownership of the asset to the purchaser.

Interest

Interest is recognized as financial income following the verification of interest income accrued (carried out using the effective interest rate method which is the rate that accurately discounts expected future cash flows based on the expected life of the financial instrument at the net carrying amount of the financial asset).

Dividends

Revenues are recognized when the right of shareholders to receive the payment arises.

Government grants

Government grants are recognized when it is reasonably certain they will be received and all inherent conditions are met. When grants are related to cost components, they are recognized as revenues, but are systematically split over the financial years so they are commensurate with the costs they intend to compensate. In the event the grant is related to an asset, the fair value is deducted from the carrying amount of the asset to which it is related and the release to the income statement occurs progressively over the expected useful life of the asset on a straight line basis, through the systematic reduction of the associated amortization charges.

Income taxes

Current taxes

Current tax assets and liabilities for the year are valued by applying estimate criteria to determine the amount accrued in the financial year which is expected to be recovered or paid to the tax authorities. The rates and tax legislation used to calculate the amount are those issued at the balance sheet date.

Deferred taxes

Deferred taxes are calculated on the temporary differences arising at the balance sheet date between the tax values taken as a reference for assets and liabilities and the values stated in the financial statements.

Deferred tax liabilities are recognized against all temporary taxable differences, except for:

- deferred tax liabilities arise from the initial recognition of goodwill or of an asset or liability in a transaction which is not a business combination and which, at the time of the transaction, does not have any effect on the profit for the year calculated for financial statement purposes or the profit or loss calculated for tax purposes;
- taxable temporary differences associated with equity investments in subsidiaries, associates and joint ventures, in the event in which the reversal of the temporary differences can be controlled and is not likely to occur in the foreseeable future.

Deferred tax assets are recognized against all deductible temporary differences and for tax assets and liabilities carried forward, to the extent it is possible that there will be adequate future tax profits that make the use of temporary deductible differences and tax assets and liabilities carried forward applicable, except in the case in which:

- deferred tax assets connected to deductible temporary differences arise from the initial recognition of an assets or liability in a transaction which is not a business combination and which, at the time of the transaction, does not have any effect on the profit for the year calculated for financial statement purposes or the profit or loss calculated for tax purposes;
- with reference to taxable temporary differences associated with equity investments in subsidiaries, associated and joint ventures, deferred tax assets are recognized only to the extent in which it is likely that the deductible temporary differences will be reversed in the immediate future and that sufficient tax profits will be generated against which the temporary differences can be used.

The value of deferred tax assets to be recognized in the financial statements is reviewed at each reporting date of the financial statements and reduced to the extent it is no longer likely that sufficient tax profits will be available in the future to permit all or part of said receivable to be used. Unrecognized deferred tax assets are reviewed annually at the reporting date of the financial statements and are recognized to the extent it has become likely that the tax profit is sufficient to allow said deferred tax assets to be recovered.

Deferred tax assets and liabilities are measured on the basis of the tax rates that are expected to be applied in the year in which said assets are sold or said liabilities are extinguished, considering the rates in force and those already issued or substantially issued at the balance sheet date.

Income taxes relating to items recorded directly in equity are charged directly to equity and not to the income statement.

Deferred tax assets and liabilities are offset, if there is a legal right to offset the current tax assets with current tax liabilities and the deferred taxes refer to the same tax entity and the same tax authorities.

VAT

Revenues, costs and assets are recognized net of VAT, with the exception of the case in which said tax applied to the purchase of goods or services is non-deductible, in which case it is recognized as part of the purchase cost of the asset or part of the specific cost item recognized through profit or loss. Trade receivables and payables for which an invoice has already been issued or received are carried inclusive of tax.

The net amount of indirect taxes on sales and purchases that can be recovered from or paid to the tax authorities is included in the financial statements under other receivables or payables depending on the accounting sign.

Service concession arrangements

The Group is the holder of concession agreements in which certain companies manage activities in the public interest, provided that the grantor (i) controls/regulates, by determining the price, which public services must be offered by the concessionary companies through the infrastructures that the concessionary company obtains under management or constructs and (ii) maintains, through ownership or by other means, the authorization granted and any other interest in the infrastructures upon expiry of the concession agreement.

The concessionary company shall not carry infrastructure under tangible assets as it does not hold "control", as set forth in IFRIC 12. The asset to be recognized is the right to use the infrastructure for providing the service, to be classified as a financial asset in the presence of an unconditional right to receive future compensation regardless of actual use of the infrastructure and as an intangible asset in the presence of a right to exploit the infrastructure itself in financial terms, charging users based on use of the service received. Provision is also made for a "mixed" accounting model if the concessionary company is the holder of both a financial asset and an intangible right, where it is necessary to separate the component of remuneration as provided for under the agreement relating to the financial asset, determining the amount of the intangible asset as a secondary activity (with respect to the value of the construction services provided).

The concessionary company also recognizes revenues for the services it provides, in compliance with IFRS15, and, therefore, the consideration envisaged in the agreement must be allocated with reference to the fair value of the associated services provided (construction, improvements and management respectively). Pursuant to IAS 23, financial costs attributable to the agreement must be recognized as costs in the financial year in which they are incurred, unless the concession holder has recognized an intangible asset, for which said costs are capitalized during the phase of drafting of the agreement. Otherwise, if the concession holder has recognized a financial asset, IAS 39 requires financial income calculated on the basis of the effective interest method to be recognized in the income statement.

Earnings per share

Basic earnings per share are calculated by dividing the net profit for the year attributable to the Parent Company's ordinary shareholders by the weighted average number of outstanding ordinary shares during the year.
Diluted earnings per share are calculated by dividing the net profit attributable to the Parent Company's ordinary shareholders by the weighted average number of outstanding ordinary shares during the year.

The Parent Company presents voluntary disclosures on earnings per share, with reference solely to consolidated data.

Operating segments

An operating segment is made up of a clearly identifiable group of assets and operations which provides a collection of related products and services, subject to risks and rewards other than those of other Group business sectors. For operational purposes, the Group is structured into business areas that coincide with the "strategic business units" (SBU) in which the Group operates.

No operating segments were combined for the purpose of determining the operating segments subject to disclosure obligations.

The Group's Management look at the results achieved by the individual Strategic Business Units separately, for the purpose of making decisions regarding the allocation of resources and performance monitoring. The segment performance is assessed on the basis of the EBIT. The Group's financial management (including loan costs and revenues) and income taxes are managed at Group level and are not allocated to operating segments.

Methods of calculation of costs allocated to segments

The Group includes direct and indirect production costs relating to the business sector in the costs attributed to the segments. Starting from the consolidated financial statements for the year ended 31 December 2007, it was deemed appropriate to also allocate to the segments commercial costs and other general overheads on the basis of the appropriate conventional allocation drivers. By contrast, any income and costs generated by financial management and current and deferred taxes remain unallocated to the segments, while income from equity investments valued at equity is attributed to the segments.

Method of calculation of assets and liabilities allocated to segments

The assets and liabilities have been attributed to the various segments in accordance with the method used for income statement items.

Changes in accounting estimates and errors

Some elements in the financial statements cannot be measured accurately and are therefore the objects of estimates which depend on future uncertain circumstances governing the conduct of the entity's business. Over time these estimates will be revised to take account of the data and information that subsequently become available. The effect of a change in accounting estimates in the financial year in which it has occurred must be recognized prospectively and included in the income statement of that period and in future periods if the change also affects these. Prospective recognition of the effects of the changed estimate means that the change is applied to transactions that take place from the time that the estimate is changed. Accounting estimates are reviewed or changed if new information comes to hand or if there are new developments in operations and. for these reasons, these do not constitute corrections of errors.

Prior period errors are omissions from, and misstatements in, an entity's financial statements for one or more prior periods arising from a failure to use, or a misuse of, reliable information that was available when the financial statements for those periods were authorized for issue, and could reasonably have been expected to have been obtained and used in the preparation and presentation of these financial statements. Such errors include the effects of mathematical mistakes, mistakes in applying accounting standards, oversights or misinterpretation of facts and fraud. Financial statements do not comply with IFRSs if they contain either material errors or immaterial errors made intentionally to achieve a particular presentation of an entity's statement of financial position, financial performance or cash flows. Potential current period errors discovered in that period must be corrected before the financial statements are authorized for issue. Errors recognized in subsequent periods must be corrected in the comparative information presented in the financial statements for that subsequent period if they are

material errors and the correction is deemed feasible, restating the opening balances of assets, liabilities and equity for that period (“Restatement”).

Restatement is not applied and errors are recognized prospectively if the errors and omissions are considered immaterial. Omissions or misstatements of items are material if they could, individually or collectively, influence the economic decisions that the users make on the basis of the financial statements. Materiality depends on the size and nature of the omission or misstatement judged in the surrounding circumstances.

3. BUSINESS COMBINATIONS

3.1 Acquisition of a controlling interest in U.Jet S.r.l.

On 1 June 2021 the Group acquired, through subsidiary Servizi Ospedalieri S.p.A., an investment of 60% in the quota capital of U.Jet S.r.l., a leading company in the production of non-woven fabric (TNT) devices mainly aimed at the healthcare market, which can count on 2 clean rooms for the packaging and composition of disposable fabric surgical kits for the healthcare market, with more than 500 facilities served in Italy and Poland. The newly-acquired company in turn holds 100% of U.Jet Romania Private Limited Company.

The transaction was completed by means of a carve-out of U.Jet's core business activities, which were contributed to a NewCo in which Servizi Ospedalieri holds 60% and is part of the growth and development strategy of the Rekeep Group, which envisages the entry into specialist sectors that are linked to the core business, thus increasing its footprint and strengthening its leadership both at national and international level in the business of services in support of healthcare activities.

U.Jet S.r.l., which is based in Bastia Umbra (Perugia), recorded pro-forma consolidated revenues of € 11.2 million in 2020. The Company has obtained the certifications ISO 9001:2015, ISO 13485:2016, EC Quality Assurance System Certificates; it has also entered the dental, veterinary, wellness, community, and industrial sectors in recent years.

Accounting effects of the acquisition

The acquisition transaction can be described as a business combination: the Group has therefore applied the purchase method required by IFRS 3 in reporting it in the accounts.

The acquisition was completed on 1 June 2021 against a price equal to € 5,016 thousand, of which an amount of € 2,121 thousand paid at the closing date, while the deferred portion (€ 2,550 thousand) is paid in subsequent installments by 2023, the first of which was already paid on 30 November 2021 for € 1,849 thousand.

The purchase contract also provides for a price adjustment mechanism based on the estimated value of the property owned by the subsidiary U.Jet Romania, and grants the transferor an Earn-out equal to a multiple of EBITDA achieved by the company in 2022, for a maximum value of € 1,498 thousand.

The fair value of the acquiree's assets and liabilities was determined on a provisional basis, as was the goodwill arising from the transaction and the Earn-out value to be paid to the transferor, since sufficient information was not available as at the reporting date of the Consolidated Financial Statements at 31 December 2021.

The table below shows the breakdown of the values provisionally attributed to the assets and liabilities acquired:

	Recognized value	Book value
ASSETS		
NON-CURRENT ASSETS		
Property, plant and equipment	4,027	4,027
Property, plant and equipment under lease	1,876	1,876
Other intangible assets	7	7
Other investments	1	1
Other non-current assets	2	2
Prepaid tax assets	61	61
TOTAL NON-CURRENT ASSETS	**5,975**	**5,975**
CURRENT ASSETS		
Inventories	2,863	2,863
Trade receivables and advances to suppliers	665	665
Current tax receivables		
Other current assets	27	27
Cash and cash equivalents	207	207
TOTAL CURRENT ASSETS	**3,761**	**3,761**
TOTAL ASSETS	**9,736**	**9,736**
LIABILITIES		
NON-CURRENT LIABILITIES		
Capital and reserves attributable to non-controlling interests	1,996	1,996
Employee termination indemnity	675	675
Non-current loans	1,983	1,983
TOTAL NON-CURRENT LIABILITIES	**4,655**	**4,655**
CURRENT LIABILITIES		
Short-term loans	1,472	1,472
Trade payables and contract liabilities	364	364
Other current liabilities	373	373

	Recognized value	Book value
TOTAL CURRENT LIABILITIES	**2,209**	**2,209**
TOTAL LIABILITIES	**6,864**	**6,864**
FAIR VALUE OF NET ASSETS	**2,872**	**2,872**
GOODWILL FROM BUSINESS COMBINATION	**2,144**	
Total cost of business combination:		
Price paid at closing	2,121	
Deferred price	2,550	
TOTAL COST OF THE BUSINESS COMBINATION	**5,016**	
Net cash of acquisition:		
Cash and cash equivalents of the acquiree	207	
Price paid at closing	(2,121)	
Additional costs for the contribution	(161)	
NET CASH OF ACQUISITION	**(2,075)**	

The fair value of assets and liabilities acquired through the business combination was positive and provisionally set at € 2,872 thousand, while the overall cost of the business combination was equal to € 5,016 thousand (of which an amount of € 2,121 thousand was already paid at the closing date), including additional costs of € 161. Consequently, the provisional goodwill arising from the transaction was equal to € 2,144 thousand, while the net cash used for the business combination in 2021 amounted to € 2,075 thousand.

As at 31 December 2021, U.Jet S.r.l contributed an amount of € 3,770 thousand to the Group's revenues as from the date of acquisition.

4. PROPERTY, PLANT AND EQUIPMENT

The table below shows the changes in the company-owned property, plant and equipment in the financial year ended 31 December 2021.

	Property	Plant and equipment	Total
At 1 January 2021, net of accumulated depreciation and impairment	**17,925**	**61,294**	**79,219**
Business combinations	399	3,628	4,027
Additions from acquisitions	227	28,370	28,597
Impairment losses		(76)	(76)
Disposals		(1,080)	(1,080)
Depreciation for the year	(952)	(21,728)	(22,680)
Others	644	(2,276)	(1,632)
At 31 December 2021	**18,243**	**68,132**	**86,375**
At 1 January 2021			
Historical cost	22,363	417,977	440,340
Accumulated depreciation and impairment losses	(4,438)	(356,683)	(361,121)
NET BOOK VALUE	**17,925**	**61,294**	**79,219**
At 31 December 2021			
Historical cost	23,633	446,619	470,252
Accumulated depreciation and impairment losses	(5,390)	(378,487)	(383,877)
NET BOOK VALUE	**18,243**	**68,132**	**86,375**

The additions from acquisitions which took place in the financial year mainly related to the linen in the *Laundering&Sterilization* segment for € 16,424 thousand and to the purchases of other machinery and specific equipment for € 12,173 thousand, of which an amount of € 1,210 thousand related to equipment used to provide services on the new contract acquired by the subsidiary Rekeep Transport S.a.S. during the year. Furthermore, additions from business combinations were recorded during the period, which were attributable to the acquisition of U.Jet S.r.l. and of its subsidiary, for which reference should be made to note 3 above. Disposal for the period amounted to € 1,080 thousand.

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

The table below shows the changes in the company-owned property, plant and equipment in the year ended 31 December 2020.

	Property	Plant and equipment	Total
At 1 January 2020, net of accumulated depreciation and impairment	**17,032**	**62,313**	**79,345**
Business combinations		31	31
Additions from acquisitions	2,253	25,216	27,469

	Property	Plant and equipment	Total
Disposals		(429)	(429)
Depreciation for the year	(1,038)	(20,201)	(21,239)
Others	(322)	(5,636)	(5,958)
At 31 December 2020	**17,925**	**61,294**	**79,219**
At 1 January 2020			
Historical cost	20,432	398,809	419,241
Accumulated depreciation and impairment losses	(3,400)	(336,497)	(339,896)
NET BOOK VALUE	**17,032**	**62,313**	**79,345**
At 31 December 2020			
Historical cost	22,363	417,977	440,340
Accumulated depreciation and impairment losses	(4,438)	(356,683)	(361,121)
NET BOOK VALUE	**17,925**	**61,294**	**79,219**

5. PROPERTY, PLANT AND EQUIPMENT UNDER LEASE

The table below shows the changes in property, plant and equipment under lease in the year ended 31 December 2021.

	Property under “finance” lease	Plant and equipment under “finance” lease	Rights of use of properties	Rights of use of plant and machinery	Total
At 1 January 2021, net of accumulated depreciation and impairment	**4,315**	**4,593**	**26,711**	**7,704**	**43,323**
Additions from business combinations	0	0	1,876	0	1,876
Additions from acquisitions	0	2,215	1,122	3,321	6,658
Early termination			(470)	(493)	(963)
Depreciation for the period	(134)	(1,477)	(3,946)	(3,211)	(8,768)
Others	(169)	1,600	(6)	39	1,464
At 31 December 2021	**4,012**	**6,931**	**25,287**	**7,360**	**43,590**
At 1 January 2021					
Historical cost	4,991	9,908	49,063	29,838	93,799

	Property under “finance” lease	Plant and equipment under “finance” lease	Rights of use of properties	Rights of use of plant and machinery	Total
Accumulated depreciation and impairment losses	(676)	(5,315)	(22,351)	(22,133)	(50,476)
NET BOOK VALUE	**4,315**	**4,593**	**26,711**	**7,704**	**43,323**
At 31 December 2021					
Historical cost	4,822	13,723	51,585	32,705	102,834
Accumulated depreciation and impairment losses	(810)	(6,792)	(26,297)	(25,345)	(59,244)
NET BOOK VALUE	**4,012**	**6,931**	**25,287**	**7,360**	**43,590**

Property, plant and equipment under leases reported changes during the year, which were due to depreciation for the year, as well as to the execution of new lease agreements for a total of € 2,215 thousand, mainly in the *Laundering&Sterilization* segment where the subsidiary Servizi Ospedalieri S.p.A. signed, among others, linen finance lease agreements for a total amount of € 1,643 thousand.

“Rights of use on Properties” and “Rights of use on plant and machinery” showed an increase during the year following the execution of new property lease agreements for € 1,122 thousand and new long-term hire of vehicles that make up the corporate fleets and equipment of the Group for € 3,321 thousand. Furthermore, additions from business combinations were recorded during the period, which were attributable to the acquisition of U.Jet S.r.l. and of its subsidiary, for which reference should be made to note 3 above.

Furthermore, there was the early termination of some lease and long-term hire agreements for a total of € 963 thousand.

The table below shows the changes in property, plant and equipment under lease in the year ended 31 December 2020.

	Property under “finance” lease	Plant and equipment under “finance” lease	Rights of use of properties	Rights of use of plant and machinery	Total
At 1 January 2020, net of accumulated depreciation and impairment	**4,450**	**4,016**	**31,556**	**7,124**	**47,146**
Additions for new contracts and rental adjustments		1,452	771	4,183	6,406
Disposals		(200)			(200)
Early termination			(1,277)	(285)	(1,562)
Depreciation for the year	(134)	(1,185)	(3,866)	(2,921)	(8,106)
Others	(1)	510	(473)	(397)	(361)
At 31 December 2020	**4,315**	**4,593**	**26,711**	**7,704**	**43,323**

	Property under “finance” lease	Plant and equipment under “finance” lease	Rights of use of properties	Rights of use of plant and machinery	Total
At 1 January 2020					
Historical cost	4,992	8,146	50,175	26,602	89,916
Accumulated depreciation and impairment losses	(542)	(4,130)	(18,619)	(19,478)	(42,771)
NET BOOK VALUE	**4,450**	**4,016**	**31,556**	**7,124**	**47,146**
At 31 December 2020					
Historical cost	4,991	9,908	49,063	29,838	93,799
Accumulated depreciation and impairment losses	(676)	(5,315)	(22,351)	(22,133)	(50,476)
NET BOOK VALUE	**4,315**	**4,593**	**26,711**	**7,704**	**43,323**

6. OTHER INTANGIBLE ASSETS

The table below shows the changes in intangible assets in the year ended 31 December 2021.

	Other intangible assets	Goodwill	Total
At 1 January 2021, net of accumulated amortization and impairment	**21,653**	**402,562**	**424,215**
Additions from business combinations	7	2,144	2,151
Additions from acquisitions	4,110		4,110
Amortization for the year	(6,325)		(6,325)
Others	34		34
At 31 December 2021	**19,479**	**404,706**	**424,185**
At 1 January 2021			
Historical Cost	125,702	404,879	530,582
Accumulated Amortization and impairment losses	(104,050)	(2,318)	(106,367)
NET BOOK VALUE	**21,653**	**402,562**	**424,215**
At 31 December 2021			
Historical Cost	129,853	407,023	536,877
Accumulated Amortization and impairment losses	(110,375)	(2,318)	(112,692)
NET BOOK VALUE	**19,479**	**404,706**	**424,185**

Goodwill is tested annually for impairment. The change for the period related to the acquisition of U.Jet S.r.l. and of its subsidiary U.Jet Romania Private Limited Company on the part of Servizi Ospedalieri S.p.A. (€ 2,144 thousand). For more details, reference should be made to note 7 below.

Other intangible assets, amounting to € 19,479 thousand at 31 December 2021, mainly consist of investments in software carried out as part of the projects aimed at upgrading and enhancing the corporate information systems. Additions from acquisitions for the period (€ 4,110 thousand) are mainly attributable to the Parent Company Rekeep S.p.A. and are related to the implementation and upgrading of software platforms used by the Group.

The table below shows the changes in intangible assets in the year ended 31 December 2020:

	Other intangible assets	Goodwill	Total
At 1 January 2020, net of accumulated amortization and impairment	**26,823**	**387,778**	**414,601**
Additions from business combinations	1	12,365	12,366
Additions from acquisitions	5,264		5,264
Amortization for the year	(7,293)		(7,293)
Others	(3,142)	2,418	(723)
At 31 December 2020	**21,653**	**402,561**	**424,214**
At 1 January 2020			
Historical Cost	125,238	390,096	515,334
Accumulated Amortization and impairment losses	(98,415)	(2,318)	(100,733)
NET BOOK VALUE	**26,823**	**387,778**	**414,601**
At 31 December 2020			
Historical Cost	125,702	404,879	530,582
Accumulated Amortization and impairment losses	(104,050)	(2,318)	(106,367)
NET BOOK VALUE	**21,653**	**402,562**	**424,214**

7. IMPAIRMENT OF GOODWILL

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

SBU – Facility management

The SBU is identified with:

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

SBU – Laundering & Sterilization

The SBU is identified with:

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

The table below sets forth the carrying amounts of the goodwill recognized in the Consolidated Financial Statements as at 31 December 2021, broken down into the different CGUs.

	31 December 2021	31 December 2020
Goodwill allocated to Facility Management CGU	388,752	388,753
of which International markets	*34,514*	*34,514*
Goodwill allocated to Laundering & Sterilization CGU	15,954	13,809
CONSOLIDATED GOODWILL	**404,706**	**402,562**

Goodwill showed an increase at 31 December 2021 following the acquisition of U.Jet S.r.l. and of its subsidiary U.Jet Romania Ltd on the part of subsidiary Servizi Ospedalieri. For more details, reference should be made to note 3 above.

Facility management CGU Goodwill

The goodwill allocated to the Facility management CGU, which amounted to € 388,752 thousand at 31 December 2021, was recognized as a result of various business combinations from 2004 to date, the most important of which are listed below:

- Project 'Palladio', which took place on 29 December 2003, involved the Group acquiring control of the business unit relating to facility management technical services previously managed by the parent company Manutencoop Società Cooperativa (now MSC Società di Partecipazione tra Lavoratori S.p.A.);
- Acquisition of MCB S.p.A., a company through which the Group established the first facility management unit for "network" customers (banks, insurance companies, etc.). In 2010, MCB S.p.A. was merged by incorporation into MP Facility S.p.A. (nowH2H Facility Solutions S.p.A.);
- Acquisition of Teckal S.p.A., which was merged by incorporation into Manutencoop Facility Management S.p.A. (now Rekeep S.p.A.) in 2010, through which the Group strengthened the production structure of traditional facility management, in particular in the heat management service;
- Acquisition of Altair IFM S.p.A. (the most significant transaction to date), which enable the Group to gear the customer portfolio towards large private customers. In 2010 the larger companies in the Altair sub-group were merged by incorporation into Manutencoop Facility Management S.p.A (now Rekeep S.p.A.);
- Reverse merger of the Parent Company CMF S.p.A. by incorporation into the subsidiary Rekeep S.p.A. with statutory accounting and tax effects starting from 1 July 2018. The operation, defined as an "Operation Under Common Control" since it was carried out between parties subject to common control, gave rise to the recognition of a merger deficit in the assets up to the amount recorded in the Consolidated Financial Statements in which the companies involved in the merger participate, i.e. that of Manutencoop Società Cooperativa (now MSC Società di Partecipazione tra Lavoratori S.p.A.). The non-recognizable difference also gave rise to a negative equity reserve.
- The Facility management SBU also includes the goodwill generated from two acquisitions carried out by Rekeep World S.r.l. in foreign markets:
- Acquisition of the majority stake of EOS Hijyen İşletmeciliği Tesis Hizmetleri Sağlık İnşaat Servis ve Mühendislik Anonim Şirketi ("EOS", of which the Group already held a stake of 50%) on 28 February 2018. The Company is active in the linen rental and industrial laundering services and surgical instrument sterilization to support healthcare activities in Turkey, with a portfolio of orders already underway;
- Acquisition of Naprzód S.A. (now Rekeep Polska S.A.), controlling a group of other 15 companies operating in Poland in the provision of facility management services in the healthcare sector, catering and medical transportation services, including outsourcing services, ambulance hire, security in mass events and the transport of disabled people.

Laundering & Sterilization CGU Goodwill

The goodwill allocated to the Laundering & Sterilization CGU, which amounted to € 15,954 thousand, emerged as a result of the following acquisition:

- Acquisition during the 2003 financial period of a business unit dealing with the linen rental and industrial laundering and sterilization activities for public and private healthcare of LIS S.p.A., with contracts mainly located in the Marche Region;
- Acquisition during the 2006 financial period of a business unit dealing with the linen rental and industrial laundering and sterilization activities for public healthcare of Lidi Service S.p.A., the activity of which was carried out in Porto Garibaldi (province of Ferrara) plant;
- Acquisition of Omasa S.p.A. in 2007, a company operating in the market for the sterilization of surgical instruments and linen, as well as following further minor acquisition, all made by Servizi Ospedalieri S.p.A., a company operating in the linen rental and industrial laundering and sterilization market. Omasa S.p.A. was then merged by incorporation into Servizi Ospedalieri S.p.A. on 1 July 2009;
- On 3 July 2018, acquisition of Medical Device S.r.l., a trading company which has acquired over the years many certifications for the marketing of Class 3 medical devices, particularly critical for their intended use and requiring very complex certification procedures by Notified Bodies;
- On 1 June 2021 acquisition of U.Jet S.r.l., a trading company specializing in the production of non-woven fabric (TNT) devices mainly aimed at the healthcare market, as well as in the packaging and composition of disposable fabric surgical kits, which are also intended for the healthcare market.

Impairment Test

Pursuant to IAS 36, goodwill is not amortized, but is tested for any possible impairment on an annual basis, or more frequently, should specific events or circumstances arise which provide evidence of an impairment loss. The impairment test, prepared by the Management and presented to the Board of Directors at the time of the approval of the draft financial statements, was carried out through the comparison between the net book value and the recoverable value of the individual CGUs to which goodwill was allocated, determined on the basis of the discounting-back of expected future cash flows relating to the period from 2022 to 2026 and extrapolated from the Business Plan of the Rekeep Group.

The 2022-2026 Business plan used for the analysis described in these Explanatory Notes was approved by the Board of Directors of Rekeep S.p.A. for impairment test purposes only on 18 March 2022.

As from 2019, steps were taken, following the acquisition of the Rekeep Polska sub-group on the part of Rekeep World, to test separately the goodwill allocated to the Facility Management and Laundering & Sterilization CGUs, as well as that accounted for following this business combination, equal to € 32,485 thousand.

The estimated value in use of the Facility management, Laundering & Sterilization and Rekeep Polska was based on the following assumptions:

- The expected future cash flows, for the period from 2022 to 2026, extrapolated from the Business Plan, are derived from projected cash flows obtained through:
  - determination of the value of the forecast gross margins according to the projection of the backlog of existing service contracts, augmented by the assumptions of renewals and new portfolio acquisitions,

- estimates of changes in Net Working Capital on the basis of the target days of stock rotation, the payment of amounts due and collection of receivables,
- assumptions of investments consistent with the performance of forecast revenues in the various business sectors in which the Group operates,

- A terminal value used to estimate future results beyond the time horizon expressly considered. The terminal value was determined by applying a NOPLAT equal to 2026 EBIT adjusted by the average expected depreciation and amortization and investments, net of a nominal tax rate. As regards long-term growth rates, an assumption of 1% was considered for all CGUs.
- The expected future cash flows were discounted back at a discount rate (WACC) of 7.95% for the Facility management CGU (2020: 6.73%), at a discount rate (WACC) of 7.11 % (2020: 6.00%) for the *Laundering&Sterilization* CGU and at a discount rate (WACC) of 8.95% for Rekeep Polska (2020: 7.10%). The WACC was determined by using the Capital Asset Pricing Model ("CAPM"), by which the risk-free rate was calculated with reference to the curve of the rates of return of Italian long-term government bonds, while the non-diversifiable systematic risk ratio (βeta) and the debt/equity ratio were extrapolated from the analysis of a group of comparable companies operating in the European facility management and laundering sector. In addition, in order to reflect the uncertainty of the current economy and the future market conditions, the cost of the equity component of the WACC rate was increased with a risk premium of 100 basis points both for Facility management and Rekeep Polska CGUs and for Laundering&Sterilization CGU in each financial period.

For all CGUs analyzed, the analysis confirmed that the recoverable value of the same exceeds the associated carrying amount, therefore not requiring any write-downs. On a prudential basis "Worst Cases" were outlined with reference to the WACC, the growth rates applied and a deterioration in operating cash flows compared to forecasts, both with reference to the plan time frame and with reference to the terminal value. However, in simulating nil or negative growth rates, also in combination with WACCs exceeding those applied by two percentage points (and, then, equal to 9.95% for Facility management CGU, 9.11% for Laundering & Sterilization CGU and 10.95% for Rekeep Polska, there would be no need to make write-downs in all CGUs, as the recoverable value would exceed the related book value).

8. INVESTMENTS ACCOUNTED FOR UNDER THE EQUITY METHOD

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

At 31 December 2021 the net-book value of investments valued at Equity reported a net amount of € 8,779 thousand, against a net amount of € 8,807 thousand in the previous year; these values are already stated net of a provision for risks covering future outlays that are expected to be incurred by the Group on behalf of the associate/joint venture (for more details, see note 15).

	Net assets 31 December 2021	Net assets 31 December 2020
Investments accounted for under the equity method	9,153	9,140
Provision for risks on investments	(374)	(333)
INVESTMENTS ACCOUNTED FOR UNDER THE EQUITY METHOD	**8,779**	**8,807**

The breakdown of changes during the year is shown in Annex II attached to the Consolidated Financial Statements, to which reference should be made.

During 2021 investments accounted for under the equity method recorded a positive result of € 1,267 thousand, for the share attributable to the Group, as a result of the recognition of income from equity investments of € 1,798 thousand and write-downs of € 531 thousand. Furthermore, positive effects were recognized directly in the Consolidated Equity to an overall amount of € 283 thousand.

Below are the main financial statements data relating to the major companies accounted for under equity method, as well as to the project financing companies owned by the Group. The data relate to the information contained in the most recent approved separate financial statements.

	% Ownership	Total Assets	Total Liabilities	Shareholders' Equity	Net financial position	Revenues	Profit (loss) for the year
Roma Multiservizi S.p.A.	45.47%	38,550	(32,535)	(6,015)	(5,168)	58,889	347
Yougenio S.p.A. in liquidation	100%	1,514	(4,838)	3,325	(3,119)	678	(3,408)
Project financing companies	<50%	60,470	(60,537)	66,660	(32,590)	12,239	324

Project financing companies are vehicles invested in by the Group companies in order to do work in the field of long-term project financing concessions.

9. OTHER NON-CURRENT ASSETS

The table below sets forth the breakdown of other non-current assets at 31 December 2021 and at 31 December 2020:

	31 December 2021	31 December 2020
Other investments	7,140	7,130
Non-current financial assets	4,702	5,529
Other non-current assets	3,232	3,408
OTHER NON-CURRENT ASSETS	**15,074**	**16,067**

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

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

Non-current financial assets, amounting to € 4,702 thousand at 31 December 2021 (€ 5,529 thousand at 31 December 2020), are composed of:

- € 1,501 thousand of Non-current financial receivables due from associates, affiliates or joint-ventures (€ 1,581 thousand at 31 December 2020). The face value of these receivables is € 1,527 thousand, while the discounting fund amounts to € 26 thousand (€ 1,610 thousand and € 29 thousand at 31 December 2020, respectively). Some of these are non-interest bearing since they were drawn down from each consortium partner and are thus discounted on the basis of their expected residual maturity, applying Eurirs as the reference interest rate, plus a spread.
- € 3,100 thousand of Non-current financial receivables from third parties, down compared to 31 December 2020 (€ 3,847 thousand). During the year the Parent Company disbursed loans to non-consolidated companies for € 257 thousand. The item also included the long-term portion, equal to € 2,357 thousand, of the deferred price relating to the sale of 95% of the quota capital of MFM Capital S.r.l. to 3i EOPF, which took place in December 2018 (unchanged compared to 31 December 2020). As at 31 December 2020 the balance included a receivable of € 1,104 thousand relating to the sale of the 15% investment held by subsidiary Servizi Ospedalieri S.p.A. in the quota capital of Linea Sterile S.r.l., which took place in December 2020; the balance was reclassified to current financial receivables at 31 December 2021, since due within 12 months;
- € 101 thousand of securities held to maturity (unchanged compared to 31 December 2020.

Furthermore, the item is made up of security deposits related to long-term manufacturing contracts for € 2,083 thousand (€ 2,062 thousand at 31 December 2020) and long-term deferrals relating to some contracts equal to € 818 thousand (€ 1,089 thousand at 31 December 2020).

10. INVENTORIES

The Group recognized inventories of € 12,743 thousand at 31 December 2021, marking a decrease of € 178 thousand compared to the amount in the previous year.

	31 December 2021	31 December 2020
Inventories of raw materials, consumables and goods for resale	13,252	13,009
Provision for write-down of raw materials, finished products and goods for resale	(110)	(88)
Provision for write-down of finished products	(399)	0
INVENTORIES	**12,743**	**12,921**

The final inventory of raw materials is composed of materials and goods for resale present in the warehouses, while waiting to be used at work sites, valued at the average weighted purchase cost, goods for resale (mostly medical devices) stored in the warehouses of Medical Device and stocks of fuel in tanks belonging to integrated service customers. The change was mainly attributable to the inventories in medical devices and personal protective equipment (PPE) at the end of the year, specifically of Medical Device S.r.l., as well as the provision for write-down of finished products, as determined by the comparison between the carrying amount of inventories and presumed realizable value at 31 December 2021.

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

The following table includes the breakdown of Trade receivables and advances to suppliers and Other current operating receivables at 31 December 2021 and 31 December 2020:

	31 December 2021	of which from related parties	31 December 2020	of which from related parties
Contract assets	32,177		29,111	
Trade receivables, gross	407,197		413,443	
Allowance for doubtful accounts	(18,546)		(29,759)	
Trade receivables due from third parties	**420,828**	**0**	**412,795**	**0**
Trade receivables from MSC Società di Partecipazione tra Lavoratori	38	38	57	57
Trade receivables from Rekeep Group Companies	12,136	12,136	8,637	8,637
Trade receivables from Affiliates and Joint Ventures	4,649	4,649	4,031	4,031
Trade receivables from Group	**16,823**	**16,823**	**12,725**	**12,725**
Advances to suppliers	5,597	2	5,601	2
TRADE RECEIVABLES AND ADVANCES TO SUPPLIERS	**443,248**	**16,825**	**431,121**	**12,727**
Current tax assets within 12 months	10,984		11,799	
Other current assets due from third parties	8,636		8,047	
Due from social security institutions	990		2,086	
Due from employees	422		72	
Other current assets from third parties	**21,032**	**0**	**22,004**	**0**
Current assets from MSC Società di Partecipazione tra Lavoratori	20	20	14	14
Current assets from associates	210	210	282	282
Current assets from affiliates	47	47	22	22
Other current assets from the Manutencoop Group	277	277	**318**	**318**
Accrued income	794		1,121	
Prepaid expenses	2,030		2,193	
Accrued income and prepaid expenses	**2,824**	**0**	**3,314**	**0**
OTHER CURRENT ASSETS	**24,133**	**277**	**25,636**	**318**

The balance of trade receivables and advances to suppliers, which also includes contract assets, amounted to € 443,248 thousand at 31 December 2021, up by € 12,127 thousand compared to 31 December 2020 (€ 431,121 thousand).

The change in question was mainly due to a decrease of € 6,246 thousand in trade receivables from third parties and an increase of € 4,098 thousand in receivables from other Group companies. Finally, contract assets recorded a decrease of € 3,066 thousand, while the value of the provision for bad debts showed a decrease of € 11,213 thousand.

In 2021, the Group continued to hold contracts for the assignment without recourse of trade receivables from third parties. On 27 December 2018 the Parent Company Rekeep S.p.A. and Servizi Ospedalieri S.p.A. signed a new 3-year maturity factoring agreement with Bancafarmafactoring S.p.A (which replaced the previous one signed in 2016) concerning the assignment on a revolving basis of receivables claimed by the same companies from entities in the National Health System and Public Administration, in an amount of up to € 200 million.

On 27 June 2018, the Parent Company also signed an uncommitted factoring agreement with Banca IFIS, intended for the assignment without recourse of trade receivables specifically accepted for the individual transactions carried out. On 18 December 2018 the Parent Company obtained an additional credit line for assignments without recourse of up to Euro 20 million on a revolving basis with Unicredit Factoring S.p.A., which was also aimed at the disinvestment of credit positions specifically negotiated with the factor. The Parent Company also signed an uncommitted factoring agreement with Carrefour Italia Finance S.r.l. for the assignment without recourse of trade receivables claimed from the Carrefour Group companies on 22 march 2019 and an additional uncommitted agreements with MB Facta S.p.A. for the assignment without recourse of trade receivables claimed from the Telecom Group on 4 December 2019. Finally, spot assignments were made to Banca Sistema S.p.A. and Prime Revenue Inc..

The assignments made during the period are summarized below:

	Assignments made in the year ended 31 December 2021	Balance of trade receivables assigned without recourse and not yet collected by the Factor
Banca Farmafactoring S.p.A.	104,193	31,399
Banca IFIS S.p.A.	40,717	13,109
Unicredit Factoring S.p.A	12,947	6,457
Carrefour Italia Finance S.r.l.	18,090	3,767
MB FACTA S.p.A.	19,818	3,599
Banca Sistema S.p.A.	38,104	6,478
Prime Revenue Inc.	12,730	3,152
TOTAL ASSIGNMENTS WITHOUT RECOURSE	**246,598**	**67,962**

On 29 December 2021, the Parent Company Rekeep S.p.A. and the subsidiary Servizi Ospedalieri S.p.A. also completed a spot assignment of non-performing loans related to private and public customers for a net value of receivables equal to € 3,250 thousand in favor of a vehicle specialized in the management of this type of receivables.

In all assignments, the assigned trade receivables were subjected to derecognition according to IFRS 9 in consideration of the characteristics of the transactions and entailed interest discount costs totaling € 5,078 thousand.

Finally, trade receivables from the Group amounted to € 16,823 thousand (€ 12,725 thousand at 31 December 2020), in addition to advances for € 2 thousand (unchanged compared to 31 December 2020). For more details, reference should be made to Annex III – Related-Party transactions.

A specific provision for bad debts was recorded against non-performing loans, which are difficult to fully recover, amounting to € 18,546 thousand at 31 December 2021 (€ 29,759 thousand at 31 December 2020). Changes in the provision during the period are detailed as follows:

	31 December 2020	Business Combinations	Increases	Uses	Releases	Other changes	31 December 2021
Provision for bad debts	**29,759**	3	4,119	(15,223)	(500)	388	**18,546**

Uses recognized in 2021, equal to € 15,223 thousand, included the use of the residual provision for bad debts allocated in the previous years on non-performing trade receivables, subject of the abovementioned sale.

An analysis of trade receivables at 31 December 2021 and as at the end of the previous year is provided below, broken down by maturity. The balances shown are net of the provision for bad debts.

	Total	Trade receivables reaching maturity	Overdue trade receivables				
			< 30 days	30 - 60 days	60 - 90 days	90 - 120 days	beyond 120 days
31 December 2021	**388,651**	299,307	22,736	13,555	6,496	5,027	41,530
31 December 2020	**383,684**	288,467	22,110	9,687	9,418	5,331	48,671

Other current assets, equal to € 24,133 thousand (€ 25,636 thousand at 31 December 2020), showed a total decrease of € 1,503 thousand in the year.

Below are the details of the most significant entries in this item:

- tax receivables, which mostly include receivables concerning the VAT payments made by the Group companies (€ 7,820 thousand against € 9,107 thousand at 31 December 2020), which continue to show a credit balance given the widespread application of the regulations governing "Split-payment" and "Reverse charge" to the cycle of purchasing and sales invoicing. During 2021 assignments without recourse of VAT receivables of some Group companies were made for a total nominal amount of € 28,551 thousand;
- receivables for credit balances of current accounts held at Unicredit, managed in the name and on behalf of INPDAP (Social Security Institute for employees in public administration), as envisaged in a property management contract

entered into with the aforementioned authority for € 2,172 thousand. At present some restrictions have been placed on said accounts as a result of the dispute that has arisen with INPDAP. Therefore, for the purposes of an accurate presentation, it was deemed appropriate to classify said item under *Other current receivables*, instead of cash and cash equivalents.

12. CASH AND CASH EQUIVALENTS, RECEIVABLES AND OTHER CURRENT FINANCIAL ASSETS

A breakdown of the balance as at 31 December 2021 and 31 December 2020 is shown below:

	31 December 2021	31 December 2020
Bank and postal deposits	97,153	78,005
Cash in hand	160	144
Current financial accounts - consortia	2,199	12,315
CASH AND CASH EQUIVALENTS	**99,512**	**90,464**
Current financial receivables from third parties	4,468	5,722
Current financial receivables from Group Companies	10,193	180
Other receivables for dividends	138	92
RECEIVABLES AND OTHER CURRENT FINANCIAL ASSETS	**14,799**	**5,994**

Bank deposits accrue interest at the respective short-term interest rates.

Amounts deposited at Consorzio Cooperativo Finanziario per Lo Sviluppo (C.C.F.S.), Consorzio Integra and Consorzio Nazionale Servizi (C.N.S.) also have the nature of available current accounts on demand and accrue interest.

At 31 December 2021 *Current financial assets* amounted to € 14,799 thousand (€ 5,994 thousand at 31 December 2020) and mainly include:

- The balance of upstream loan, equal to € 10,037 million at 31 December 2021, was disbursed by the Parent Company Rekeep S.p.A. to the controlling company MSC Società di Partecipazione tra Lavoratori S.p.A. (formerly Manutencoop Società Cooperativa), in accordance with the agreement signed on 5 November 2021. The loan has an annual term and accrues interest equal to 3-month EURIBOR plus a spread;
- the current portion, equal to € 1,104 thousand of the receivable arising from the sale of investment equal to 15% of the quota capital of Linea Sterile, held by the subsidiary Servizi Ospedalieri, which took place on 29 December 2020. Changes in the period included the collection of an amount of € 1,448 thousand, as well as the short-term reclassification of the balance recognized at 31 December 2020 under *Financial assets and other non-current financial assets*;

- the balance of the pledged current accounts dedicated to the operation of the service for managing receipts within the scope of assignments of trade receivables without recourse, equal to € 2,548 thousand (€ 906 thousand at 31 December 2020, in addition to receivables from factors for collections the latter unduly received on receivables assigned in previous periods for € 1,600 thousand and reversed in the first days of the subsequent month);
- an overall amount of € 608 thousand of receivables from short-term loans and financial accounts held with non-consolidated Group companies.

Finally, the remaining short-term portion, equal to € 1,420 thousand, of the deferred price referring to the sale of 95% of the quota capital of MFM Capital S.r.l. to 3i European Operational Projects SCSp which took place in December 2018, was collected during the last quarter of 2021.

13. SHARE CAPITAL AND RESERVES

	31 December 2021	31 December 2020
Share Capital – Ordinary shares	109,150	109,150

Ordinary shares have a nominal value of € 1 each. Ordinary shares issued and fully paid up at 31 December 2021 amounted to 109,149,600.

The Parent Company does not hold own shares.

Reserves and retained Earnings

The table below shows changes in Equity reserves in the year.

	Share premium reserve	Legal reserve	SE reserves companies valued at SE	Translation reserve	SORIE reserve	Other reserves	Total reserves
31 December 2019	**145,018**	**21,830**	**3,536**	**16**	**(5,977)**	**(158,713)**	**5,710**
Allocation of prior year result				(16)	876	5,741	6,601
Economic effects on shareholders' equity			(105)	873	(25)		743
31 December 2020	**145,018**	**21,830**	**3,431**	**873**	**(5,126)**	**(152,972)**	**13,054**
Allocation of prior year result				(873)	39	0	(834)

	Share premium reserve	Legal reserve	SE reserves companies valued at SE	Translation reserve	SORIE reserve	Other reserves	Total reserves
Economic effects on shareholders' equity			283	(1,165)	172		(710)
31 December 2021	**145,018**	**21,830**	**3,714**	**(1,165)**	**(4,916)**	**(152,972)**	**11,510**

The table below shows changes in *Retained earnings*:

	Retained earnings of the Parent Company	Consolidation reserve	Total retained earnings
31 December 2019	**3,809**	**30,015**	**33,825**
Allocation of prior year result		(3,316)	(3,316)
Change in consolidation area		(222)	(222)
31 December 2020	**3,809**	**26,477**	**30,286**
Allocation of prior year result		(81,612)	(81,612)
31 December 2021	**3,809**	**(55,135)**	**(51,326)**

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

	31 December 2021	31 December 2020
Equity attributable to non-controlling interests	**4,588**	**3,199**
of which attributable to:		
Subsidiaries of Rekeep World S.r.l.	(267)	(211)
Other subsidiaries and consortia	4,855	3,410

	31 December 2021	31 December 2020
Profit for the year attributable to non-controlling interests	**1,603**	**2,703**
of which attributable to:		
Subsidiaries of Rekeep World S.r.l.	258	(84)
Other subsidiaries and consortia	1,345	2,787

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

Rekeep World S.r.l., which is the Group's sub-holding company active in the development of international markets, holds a stake of 70% of the capital of Rekeep France S.a.s. and an investment of 80% in the capital of the Polish company Rekeep Polska. There is no recognition of equity attributable to minority shareholders of these subsidiaries since a Put option is granted to minority shareholders, which is recognized as a financial liability in the Consolidated Financial Statements. During 2018 EOS, a Turkish company in which Rekeep World S.r.l. acquired a majority stake against a stake of 49% held by local partners, and Rekeep United, a Turkish company also jointly established with local partners holding 49.02% of the share capital, were consolidated for the first time. The valuation of the stake pertaining to minority shareholders was accounted for as an increase during the year in the Shareholders' Equity of non- controlling interests.

Finally, Shareholders' equity of third parties includes the minority interests of Medical Device S.r.l. (60% owned by Servizi Ospedalieri S.p.A.) and of the newly-acquired U.Jet S.r.l., which is also 60% owned by Servizi Ospedalieri S.p.A..

14. EMPLOYEE TERMINATION INDEMNITY (TFR)

Below are the changes in the liabilities relating to Employee Termination Indemnity (TFR) in 2021, compared with changes in the previous year.

	For the year ended	
	31 December 2021	31 December 2020
AT 1 JANUARY	**11,267**	**12,443**
Additions for business combinations	675	0
Current Service cost	733	459
Interest costs on benefit obligations	6	47
Benefits paid	(2,002)	(1,695)
Net actuarial (gains)/ losses from benefit obligations	(197)	92
Other changes	0	(79)
AT 31 DECEMBER	**10,483**	**11,267**

Below is reported the breakdown of the net cost of employee benefits relating to the termination indemnity:

	For the year ended	
	31 December 2021	**31 December 2020**
Current service cost	733	459
Interest costs on benefit obligations	6	47
Net cost of the benefits recognized through profit or loss	**739**	**506**
Net actuarial (gains)/ losses recognized in equity	(197)	92
TOTAL NET COST OF THE BENEFIT	**542**	**599**

The main financial and demographic assumptions used in the actuarial valuation of the obligation relating to TFR are illustrated below:

	31 December 2021	**31 December 2020**
Discount rate	0.98%;0.44%	0.34%;-0.02%
Inflation rate	1.20%	1.00%
Estimated turnover	From 3.5% to 10.00%	From 3.5% to 10.00%

The discount rates used to assess the TFR obligation are defined on the basis of curves of rates of return of high-quality fixed-interest securities, the amounts and maturity dates of which correspond to those of the payments of expected future benefits. In 2021 two different discount rates were used by the Group depending on the remaining average period of time during which personnel remains in each company, equal to 0.98% and 0.44% (equal to 0.34% and -0.02% in 2020).

The estimated turnover rate is presented in a range as the actuary appointed by the Group Companies for the actuarial estimate of the liability used different turnover rates for the individual companies.

The effects on the TFR obligation from the increasing or decreasing measurement of the financial rates in relation to reasonably possible changes in interests rates and in the assumptions of average duration of the working population, while maintaining all the other variables unchanged, are illustrated below:

	Financial year ended 31 December 2021	
	Assumptions	Employee Termination Indemnity
Discount rate	+ 0.25 bps	11,045
	- 0.25 bps	11,405
Inflation rate	+ 0.25 bps	11,317
	- 0.25 bps	11,129
Actuarial assumptions	+ 2.00 ppt	11,099
	- 2.00 ppt	11,366

	Financial year ended 31 December 2020	
	Assumptions	Employee Termination Indemnity
Discount rate	+ 0.25 bps	11,076
	- 0.25 bps	11,487
Inflation rate	+ 0.25 bps	11,390
	- 0.25 bps	11,168
Actuarial assumptions	+ 2.00 ppt	11,112
	- 2.00 ppt	11,483

Below are reported the data relating to the average number of the Group's employees and of the workers provided to the Group by MSC Società di Partecipazione tra Lavoratori S.p.A. (formerly Manutencoop Società Cooperativa):

	For the year ended	
	31 December 2021	31 December 2020
Executive	70	73
White collars	1,673	1,710
Blue collars	25,786	26,265
AVERAGE STAFF	**27,528**	**28,047**

The average number of leased employees provided to the Group by MSC Società Partecipazione tra Lavoratori S.p.A. (formerly Manutencoop Società Cooperativa) was equal to no. 313 units at 31 December 2021 (31 December 2020 no. 355 units).

15. PROVISIONS FOR RISKS AND CHARGES

Below are reported the breakdown and changes in provisions for risks and charges for the year ended 31 December 2021:

	Risks on Investments	Risks on job orders	Pending disputes	Tax litigation	Agents' indemnity leave	Severance provisions	Other provisions	Total
At 1 January 2021	**333**	**7,991**	**24,223**	**490**	**280**	**750**	**1,259**	**35,327**
Accruals		3,454	2,090				1,181	**6,726**
Uses		(343)	(1,918)	(42)		(169)	(64)	**(2,537)**
Reversals		(1,013)	(88)				(153)	**(1,255)**
Others	41	170			19			**230**
At 31 December 2021	**374**	**10,259**	**24,306**	**448**	**299**	**581**	**2,222**	**38,490**
At 31 December 2021:								
Current	*374*	*9,545*	*551*	*447*		*581*	*957*	***12,455***
Non-current		*714*	*23,755*	*1*	*299*		*1,266*	***26,035***
At 31 December 2020:								
Current	*333*	*7,928*	*492*	*447*		*750*	*600*	***10,550***
Non-current		*64*	*23,731*	*43*	*280*		*659*	***24,777***

Provision for risks on investments

The item, amounting to € 374 thousand at 31 December 2021, includes the provision for unrecoverable future losses of Group companies and related for € 110 thousand to the subsidiary Alisei S.r.l. in liquidation, for € 96 thousand to the subsidiary Manutencoop International Services LLC in liquidation and for € 169 thousand to the subsidiary Yougenio S.r.l. in liquidation.

Provision for risks on job orders

This provision includes, at consolidated level:

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

The balance amounted to € 10,259 thousand at 31 December 2021, up by € 2,268 thousand against accruals of € 3,454 thousand and uses and releases of Euro 1,357 thousand, as well as other changes of € 170 thousand. Provision for risks on job orders includes accrual to provisions for non-recurrent additional charges of € 1,464 thousand.

Provisions for pending legal disputes

At the reporting date of the financial statements, the risk was assessed for the Group to be required to pay future compensation in the event of losing cases in legal actions pending with customers, suppliers, employees and others. During the year ended 31 December 2021 the provision, totaling € 24,306 thousand, recorded increases for accruals to provisions of € 2,090 thousand and decreases for uses and releases totaling € 2,007 thousand.

Provisions were mainly recognized to hedge the risks involving the Parent Company Rekeep S.p.A. for € 1,609 thousand. Uses and reversals for the period, of which an amount of € 1,264 thousand attributable to the Parent Company, relate to the use of provisions set aside in previous years against the settlement of disputes with suppliers and of actions with other persons or entities.

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

On 7 January 2017 the Company served on the entity a summons before the Court of Rome in order to verify the unlawfulness of the termination of the agreements and to order Consip S.p.A. to pay compensation for damages suffered by the company itself. The hearing, which was held on 13 January 2021, was then adjourned for decision. Any adverse outcome of the legal proceedings brought against Consip S.p.A. could also result in the actual partial enforcement of the performance bond issued during the tender (originally € 24.5 million). ANAC has proceeded with the entry of the contract termination.

Subsequently, on 16 June 2017 Consip officially informed Rekeep S.p.A. of its own decision concerning the exclusion of the Company from the tenders for new agreements relating to cleaning services of barracks ("Consip Caserme") and to cleaning services with health service providers ("Consip Sanità"), with the intention also to confiscate, in this last case, the surety given by the Company during the tender for the amount of approximately € 10.4 million (known as "bid bond). At present, both the Regional Administrative Court and the Council of State have confirmed the order of exclusion and a judicial appeal is pending before the Supreme Court. In the meantime, Consip S.p.A. asked the guarantors to enforce the guarantees (bid bonds)

provided in the interest of Rekeep for the Consip Sanità tender (equal to € 10.4 million) and Consip Caserme (equal to € 3.4 million). Rekeep S.p.A., with independent appeals and additional grounds, challenged these measures before the Lazio Regional Administrative Court, which rejected the appeals. By an order dated 22 March 2021 the Council of State granted the preliminary request submitted by the Company and suspended the enforcement of the judgment; at the hearing on the merits held on 7 October 2021 the Council of State suspended the proceedings pending a decision on the part of the Constitutional Court as to a dispute regarding Consip's enforcement of provisional deposits against a competitor that had not been awarded the contract, during which objections were raised regarding constitutional legitimacy. However, a single-member board's Presidential decree suspending the challenged judgments was obtained in the meantime. Finally, on 28 July 2020, one of the guarantors (Atradius) served on Rekeep an appeal before the Civil Court of Rome under Article 702-*bis* in order to obtain the payment of the sums relating to the sureties issued for the participation in the Consip Sanità tender, pending the enforcement on the part of Consip. At the first appearance hearing held on 24 March 2021, the Court ordered for the summary procedure to be converted into ordinary procedure and for the parties' to appear at the hearing scheduled on 16 December 2021, which was rescheduled on 21 September 2022.

Finally, on 6 March 2020 Consip S.p.A. informed the Company of the exclusion from the tender for the cleaning of museum premises ("Consip Musei"), with the intention of sending the document to ANAC, which may proceed with the entry in the electronic criminal records of "Useful information". On 13 March 2020 a request was also sent for the enforcement of the bid bond relating to this tender (equal to € 2.8 million). The Company challenged these orders before the Regional Administrative Court, which rejected the appeal. However, by an order of 11 March 2021 the Council of State granted the preliminary request submitted by the Company and suspended the enforcement of the judgment that had been appealed against, postponing the discussion on the merits to the hearing scheduled on 7 June 2022.

The Consip Sanità, Consip Caserme and Consip Musei tenders did not generate consolidated Revenues until 31 December 2021 and were not included in the Group's backlog at 31 December 2021.

In the Financial Statements at 31 December 2021 the Directors already decided to maintain the provisions for future charges (equal to € 17.5 million), also taking account of the risk of enforcement of the abovementioned performance bond and bid bonds and despite the fact that Rekeep S.p.A. could submit sound arguments against the enforcement of the bonds in court.

The dispute concerning the fine imposed in relation to the FM4 Tender still continued in 2021.

On 23 March 2017, the Competition Authority notified Rekeep S.p.A. (at the time Manutencoop Facility Management S.p.A.) of the start of an investigation procedure against the Company itself, as well as against CNS – Consorzio Nazionale Servizi Società Cooperativa, Dussmann Service S.r.l., Engie Servizi S.p.A. (formerly Cofely Italia S.p.A.), ManitalIdea S.p.A., Romeo Gestioni S.p.A. e STI S.p.A. and subsequently extended to Exitone S.p.A., Manital Società Consortile per i Servizi Integrati per Azioni Consorzio Stabile, Manital S.c.p.a., Gestione Integrata S.r.l., Kuadra S.r.l. in Liquidation, Esperia S.p.A., Engie Energy Services International SA, Veolia Energie International SA, Romeo Partecipazioni S.p.A., Finanziaria Bigotti S.p.A., Consorzio Stabile Energie Locali S.c.a.r.l. to ascertain whether those companies put in place a possible anti-competitive agreement whose subject matter consisted of the coordination of the procedures for taking part in the tender called by Consip in 2014 for awarding the Facility Management services intended for properties mainly for office use of the Public Administration (known as "FM4 Tender"). On 9 May 2019, after the completion of the abovementioned proceedings, the Competition Authority served the

final order, considering the existence of the agreement restricting competition between some of the abovementioned companies and imposing a sanction of € 91.6 million on the Company.

The Lazio Regional Administrative Court's judgment of 27 July 2020 partially granted the appeal submitted by the Company, albeit confirming the Competition Authority's Order as regards the merits, the Regional Administrative Court granted the request for redetermination of the fine setting the parameters. Subsequently, the Competition Authority therefore again set the new fine at € 79.8 million. The Company challenged both the Regional Administrative Court's judgment before the Council of State and 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. During the hearing held on 27 October 2021 the Council of State issued a preliminary order, whereby it asked some parties to produce additional documentation, postponing any decision to the hearing scheduled on 20 January 2022 for discussion on the merits, then adjourned for decision.

Rekeep S.p.A., also on the basis of what has been agreed with its lawyers and maintaining the position it has always taken on the matter, believes that the sanctioning order is completely groundless. The Company therefore considers that the measure is unjustified and declares that it is sure of the absolute correctness of its conduct and of having always acted in compliance with the market rules applicable to the Consip FM4 Tender. The various orders issued over time have however had an impact on the financial statements. As at 31 December 2019, waiting for the developments of the proceedings on the merits, the Company took steps to recognize the liability arising from the notice of payment issued by the Revenue Agency – Collection department among "Other current liabilities" and "Other non-current assets" in the Statement of Financial Position for the corresponding amount (€ 94,611 thousand). The entry of this debt in the taxpayers' list was made enforceable by the Revenue Agency following the issue of a notice of payment on 18 December 2019, for which a request was submitted for payment in installments, which was obtained on 10 January 2020. This order provides for the payment of 72 monthly installments, at an interest rate of 4.5% as from 24 January 2020. The Company started to pay these installments on a regular basis, but it then suspended payments as a result of the application of Decree Law no. 18 of 17 March 2020, governing "Measures to strengthen the National Health Service and to provide financial support to households, workers and businesses related to the COVID-19 epidemic emergency" ("Cure Italy Decree"). Following the issue of the Competition Authority's new order of € 79,800 thousand, while continuing to have confidence in the reasonableness of the defense arguments, the Directors, given the enforceability of the fine, recognized the debt, and the related cost, relating to expected financial outlay in the financial statements at 31 December 2020 (for an amount equal to what is stated in the order), even in consideration of the uncertainty surrounding the actual outcome of the appeal against the Regional Administrative Court's judgment and the appeal on the merits concerning the Competition Authority's new order of 29 October 2020. On 22 December 2020, in fact, the Revenue Agency sent the related updated installment plan, deducting three installments already paid as deposit for € 3,010 thousand. Furthermore, the amount of the debt stated in the accounts at 31 December 2020 also includes, in addition to the amount of the fine, surcharges and collection costs (equal to 3% of the amount of debt entered in the taxpayers' list) for € 2,612 thousand. Finally, it should be noted that the Company resumed operations to pay monthly installments during 2021, paying part of the installments suspended during the Covid-19 emergency period, even in view of the expiry of the final deadline for the suspension of

payment of the amounts due as provided for by the legislative measures issued during the emergency phase (31 August 2021) and which entailed in 2021 the recognition of a higher collection costs on certain installments for € 606 thousand (of which € 255 thousand recognized as an increase in the debt and € 351 thousand recognized among provisions for risks and charges, due to the different probability of application of the additional charge) in addition to default interest.

Furthermore, on 28 June 2019 Consip S.p.A. served on Rekeep S.p.A. the order providing for its exclusion from the FM4 Tender due to the breach of Article 38, paragraph 1.f, of Legislative Decree 163/2006, as well as of Article 68 of Royal Decree 827/1924 and of Article 38, paragraph 2, of Legislative Decree 163/2006, while notifying the enforcement of the provisional guarantees provided by Rekeep S.p.A. in tendering (equal to € 3.9 million). With regard to this exclusion, ANAC initiated a procedure under Article 38, paragraph 1-*ter*, of Legislative Decree no. 163/2006. On 3 July 2019 Rekeep S.p.A. filed an appeal with the Lazio Regional Administrative Court in order to seek the annulment of the acts of Consip S.p.A.; on 10 July 2019 the administrative court ordered for them to be suspended pending its own ruling on the appeal against the Competition Authority's order, while also scheduling the hearing in chambers for the decision on the preliminary request on 11 September 2019. On that occasion the Lazio Regional Administrative Court partially granted the preliminary request against the order issued by Consip S.p.A., providing on 10 July 2019 for the suspension of only the enforcement of the temporary guarantees until the hearing on the merits scheduled on 15 July 2020 and subsequently postponed on several occasions until 9 March 2022. By an order filed on 22 March 2022 the Regional Administrative Court suspended the proceedings pending the settlement of the appeal concerning the Competition Authority's order on Consip FM4.

On 4 November 2019 the Company submitted an appeal to the Lazio Regional Administrative Court against the proceedings initiated by ANAC, which, at present, have been removed from the docket in consideration of the fact that on 24 January 2020 ANAC ordered to suspend the proceedings while waiting for the settlement of the disputes brought in first instance before the Regional Administrative Court for the Competition Authority's Consip FM4 orders and the exclusion from the Consip FM4 tender. To date, since the tender has not yet been awarded on a final basis, potential revenues relating to the FM4 Tender have never been included in the Rekeep Group's backlog.

The Company continues to hold that it considers the Competition Authority's order unjustified and disproportionate and will continue to take any necessary action against it to protect its rights and interests. While having full confidence in the arguments discussed with their lawyers and after specifically verifying the consolidated financial planning and the actual conditions to be able to meet non-recurring cash outflows (if any), the Directors do not see any uncertainties for the purposes of assessing the going-concern assumption.

The Company believes that a general delay may actually arise in awarding some tenders attributable to situations of further worsening of the disputes connected with the participation in or the awarding of said tenders. As things stand as regards the abovementioned proceedings, there are no impediments for the Rekeep S.p.A. group companies to the participation and awarding of new calls for tenders by the Public Administration, and, moreover, any other awarding procedure of contracts with private customers still remains valid.

Provision for termination employee benefits

This provision has been set aside to include the amounts due for severance and employee redundancy costs, as part of the sundry restructuring plans implemented by some Group companies over the last few years. The provision recorded a balance equal to € 581 thousand at 31 December 2021 (€ 750 thousand at 31 December 2020), against uses equal to € 169 thousand.

Provision for tax disputes

At 31 December 2021 the provision amounted to € 448 thousand, recording uses which gave rise to a decrease of € 42 thousand during the period.

Other provisions for risks and charges

The provision, amounting to € 2,222 thousand at 31 December 2021, showing an increase of € 964 thousand compared to 31 December 2020 (Euro 1,259 thousand) as a result of provisions for € 1,181 thousand and uses and releases totaling € 217 thousand. Provisions for the period also included a higher collection charge of € 351 thousand, recognized on some installments of the notice of payment issued by the Revenue Agency relating to the Competition Authority's fine, as detailed in relation to the "Provision for legal disputes".

16. DERIVATIVES

At 31 December 2021, the Group had not recorded any derivative assets or liabilities.

17. BORROWINGS, LOANS AND OTHER CURRENT FINANCIAL LIABILITIES

The items Non-current loans and Loans and other current financial liabilities include both the non-current and current portion of loans from credit institutions and consortium members, respectively. Furthermore, in application of the financial method of recognizing leases, payables to other lenders are included, as well as other current debt balances of a financial nature such as, for example, the debt for the acquisition of investments or business units and the liability for dividends to be paid.

The tables below set forth the qualitative breakdown by current and non-current financial liabilities at 31 December 2021 and at 31 December 2020:

	31 December 2021	within 1 year	beyond 1 year to 5 years	beyond 5 years
Senior Secured Notes	363,025		363,025	
Artigiancassa loan	1,077	239	838	
Other bank loans	27	27		
Prepaid interest expenses	(1,253)	(531)	(722)	
Accrued interest expenses	11,726	11,726		
Long-term bank borrowings and current portion of long-term bank borrowings	**374,602**	**11,461**	**363,141**	**0**
Current bank overdraft, advance payments and hot money	6,140	6,140		
Obligations arising from “finance” lease	6,991	2,105	4,147	738
Financial liability for “operating” leases	37,116	6,841	21,829	8,446
Loans from syndicated shareholders	603	603		
Loan from Parent Company MSC Società di Partecipazione tra Lavoratori	75	75		
Other financial liabilities	4,317	3,120	1,197	
Obligations from assignments with recourse of trade receivables	23,270	23,270		
Collections on behalf of assignees of trade receivables	14,556	14,556		
Obligations arising from reverse factoring transactions	9,963	9,963		
Options on subsidiaries’ minority shareholdings	15,336	1,952	13,384	
Debt for the acquisition of investments/business units	1,112	1,112		
Share capital to be paid into investee companies	878	878		
TOTAL FINANCIAL LIABILITIES	**494,960**	**82,077**	**403,698**	**9,185**

	31 December 2020	within 1 year	beyond 1 year to 5 years	beyond 5 years
Senior Secured Notes	328,082		328,082	
Artigiancassa loan	1,317	239	1,077	
ETNO Bank Spółdzielczy mortgage loan	59	23	36	
Other bank loans	31	21	10	
Prepaid interest expenses	(553)	(551)	(2)	

	31 December 2020	within 1 year	beyond 1 year to 5 years	beyond 5 years
Accrued interest expenses	1,336	1,336	0	
Long-term bank borrowings and current portion of long-term bank borrowings	**330,272**	**1,069**	**329,203**	**0**
Current bank overdraft, advance payments and hot money	5,950	5,950		
Obligations arising from “finance” lease	6,426	1,689	3,681	1,056
Financial liability for “operating” leases	38,788	6,527	21,128	11,133
Loans from syndicated shareholders	580	380	200	
Loan from Parent Company Manutencoop Società Cooperativa	174	174		
Other financial liabilities	4,474	2,237	2,237	
Obligations from assignments with recourse of trade receivables	15,732	15,732		
Collections on behalf of assignees of trade receivables	9,935	9,935		
Obligations arising from reverse factoring transactions	4,629	4,629		
Options on subsidiaries’ minority shareholdings	13,077	977	12,099	
Debt for the acquisition of investments/business units	745	745		
Share capital to be paid into investee companies	3	3		
TOTAL FINANCIAL LIABILITIES	**430,785**	**50,047**	**368,549**	**12,189**

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

On 28 January 2021 Rekeep S.p.A. launched a high-yield bond issue named “€350,000,000 7.25% Senior Secured Notes due 2026”, which is not convertible and not subordinated, for a total amount on account of principal of € 350 million, due 1 February 2026. The Notes, which were reserved for institutional investors, were admitted to listing on the EURO MTF multilateral trading facility managed by the Luxembourg Stock Exchange and on the ExtraMOT multilateral trading facility, PRO segment, organized and managed by Borsa Italiana S.p.A.. The issue took place at par, with a coupon at an annual fixed rate of 7.25% (payable on a six-monthly basis on 1 February and 1 August, as from 1 August 2021) and non-callable repayment until 1 February 2023. On 9 February 2021, the Company also issued additional Senior Secured Notes with a par value of € 20 million at an issue price of 102.75% plus an amount equal to the interest that would have accrued on the Notes until (and excluding) 9 February 2021 in the event of them being issued on 28 January 2021. These Notes are regulated by the same terms and conditions as those issued previously (annual rate of 7.25% and due 2026) and will be formally registered in the same series as the latter ones.

The proceeds from offering the new Senior Secured Notes (totaling € 370 million), together with Cash and Cash equivalents that were already stated in the Company's accounts, were used to pay off the Senior Secured Notes that had been issued in 2017 with an annual coupon of 9% and due 2022, as well as to pay the costs sustained for the redemption premium of these Notes and replenish the liquidity with which the previous RCF line of credit had been repaid.

The rules of the bond issue provide for a system of guarantees and covenants to protect the Bondholders' investment. There are in fact some limitations on the financial operations of the Issuer and of its subsidiaries, while allowing the Group to operate freely, provided that the operations carried out contribute added value and cash flows to the Group, at least potentially. These covenants substantiate in some limitations on the possibility of incurring new indebtedness and making distribution of dividends, investments and some types of payments outside the Restricted Group (restricted payments). Furthermore, there are also rules governing the allocation of sums obtained from the sale of fixed assets, the performance of non-recurring and related-party transactions and the release of collateral on corporate assets to third parties. The covenants in question substantiate in the compliance with certain financial parameters (incurrence base financial covenants), the fulfillment of some conditions or the application of a quantitative limit on the performance of the transactions referred to above rather than in a full prohibition on carrying out the aforesaid transactions. Finally note interim reporting obligations concerning the Group's financial position, results of operations and cash flows. The limits and provisions laid down in the rules of the bond issue are in line with market practice for similar operations. The failure by the Issuer to comply with one or more covenants, in addition to significant events that give rise to a state of insolvency, constitute default events. There is the possibility of remedying most of them within a certain financial period. The default event relating to the state of insolvency or the failure to remedy the other default events constitute grounds for acceleration, i.e. the beneficiary's forfeiture of the right to the time limit and the early redemption of the Notes. No default events had occurred and the financial parameters, which are not subject to periodic audits, had been in any case complied with at the reporting date of these Financial Statements.

At 31 December 2021 the financial charges accrued on the bond coupons amounted to € 27,514 thousand (of which € 2,254 thousand related to the Senior Secured Notes issued in 2017 and paid off at the same date as the new issue) against € 30,537 thousand at 31 December 2020. The upfront fees relating to the issue of Senior Secured Notes were accounted for according to the amortized cost method, which entailed, in accordance with IFRS 9, the recognition of financial Amortization charges of € 7,176 thousand in 2021, of which an amount of € 5,818 thousand related to write-off of the remaining amount still to be amortized on the Notes paid off (€ 3,977 thousand at 31 December 2020).

Super Senior Revolving Credit Facility (RCF)

At the same time as the issue of 28 January 2021, Rekeep S.p.A. signed a new revolving loan agreement that will guarantee a senior secured line of credit ("RCF") for an amount of up to € 75 million, and due 1 August 2025, to be used for general purposes and to manage the working capital of the Issuer and its subsidiaries. The subsidiary Servizi Ospedalieri S.p.A. may also access this facility providing a specific personal security. The interest rate applicable to each use of the RCF loan for each interest period will be equal to the percentage rate resulting from the sum of the fixed margin (equal to 3.5) and the applicable EURIBOR parameter.

The Super Senior Revolving loan agreement provides for compliance with a financial covenant, which is preliminary to the possible use of the line granted. This financial covenant is in line with the market practice for similar financing transactions and is recognized on a quarterly basis on the basis of the data relating to the last 12 months, as resulting from the financial position, results of operations and cash flows approved during the quarter prior to the date of the application for use of the credit facility. The financial covenants had been complied with on the reporting date of these financial statements.

The facility was partially drawn down in four different occasions during the second half-year in order to meet temporary cash requirements (if any), and promptly repaid: the RCF facility had not been drawn down at 31 December 2021. The temporary partial uses entailed the charging of financial costs equal to € 223 thousand accrued for the time being.

Prepaid interest expenses

At 31 December 2021 the Company recognized prepaid interest expenses of € 1,253 thousand. The item mainly related to arrangement fees initially paid by Rekeep S.p.A. for entering into the Super Senior Revolving (RCF) facility agreement, initially equal to € 1,260 thousand. These costs are amortized on a straight-line basis throughout the term of the credit facility and amortization charges of € 522 thousand were recognized in 2021, of which € 264 thousand related to the write-off of the remaining amount still to be amortized on the previous RCF line, paid at the same time as the new bond issue.

Accrued interest expenses

At 31 December 2021 accrued interest expenses were recognized for € 11,726 thousand, of which € 11,624 thousand relating to the coupon of the Senior Secured Notes due 1 February 2022.

Artigiancassa loan (Rekeep S.p.A.)

On 21 June 2018 the Company obtained a soft loan from the "Energy and Mobility Fund" operated by the Regional Government of Marche, aimed at supporting the energy efficiency development of healthcare units. This loan was partly disbursed by Artigiancassa S.p.A. in the form of a 8-year financing for an initial amount of € 1,676 thousand, with a pre-amortization period of 12 months. This loan does not bear interest and provides for the payment of 14 six-monthly installments, falling due on 31 March and 30 September of each year. As at 31 December 2021, two additional installments had been repaid, each one amounting to € 120 thousand.

Other bank loans

Other bank loans amounted to € 27 thousand at 31 December 2021 (€31 thousand at 31 December 2020).

Current account overdraft, advance payments and hot money

At 31 December 2021 this item showed a balance of € 6,140 thousand, against an amount of € 5,950 thousand at the end of the previous year.

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

Finance lease obligations

The "finance" lease agreements (according to the classification of the previous standard IAS17) entered into are not secured and are signed by the Parent Company Rekeep S.p.A. and subsidiaries Servizi Ospedalieri S.p.A., Medical Device S.r.l. and some companies in the Polish sub-group. In particular, they refer to motor vehicles and plant and machinery mainly referable to Servizi Ospedalieri S.p.A., which uses them in the laundering and sterilization production processes, and to the Rekeep Polska Group. During 2021 new finance lease agreements were entered into for € 2,215 thousand.

Financial liability for operating leases

As at 31 December 2021 the financial liability for "operating" leases (according to the classification of the previous standard IAS 17) amounted to € 37,116 thousand against € 38,788 thousand at 31 December 2020. Specifically, during 2021 there were early termination transactions of agreements concerning property leases and long-term hire of vehicles and equipment, equal to € 963 thousand and increases for the execution of new agreements equal to € 4,443 thousand, as well as additions from business combinations following the acquisition of U.jet S.r.l. for € 1,983 thousand; for which reference should be made to note 3.

Syndicated loans

This item refers to financing provided by the consortium members, which are minorities in the consortium companies included within the scope of consolidation, since they are owned or held in joint venture at 50%. In certain cases, these loans are non-interest-bearing loans and are repayable on request. In other cases, they have a contractually defined maturity and, in others still, they do not have a contractually defined maturity but will essentially be repayable at the end of the long-term service contract, on the basis of which the consortium company was established. At 31 December 2021 the overall balance of these loans amounted to € 603 thousand (€580 thousand at 31 December 2020).

Collections on behalf of assignees of trade receivables

The item included receipts from customers on assigned receivables as part of the factoring without recourse transaction of trade receivables. The receipts, equal to € 14,556 thousand at 31 December 2021, were transferred to the factor in the subsequent month after the end of the period.

Obligations from assignments of receivables with recourse

During 2020 the Parent Company Rekeep S.p.A. entered into an agreement for the assignment with recourse of trade receivables with Banca Sistema S.p.A., concerning receivables from Public Authorities. This agreement superseded the previously applicable agreement for assignment with recourse, which had been executed with Unicredit Factoring S.p.A. in 2015 and was terminated in full during 2020. The subsidiary Servizi Ospedalieri S.p.A. also entered into an agreement for the assignment with recourse of public trade receivables with Banca Sistema S.p.A. during the same year.

During 2021 assignments with recourse were made with regard to trade receivables at a nominal value of receivables of € 56,272 thousand, while the exposure was equal to € 23,270 thousand at 31 December 2021 (€ 15,732 thousand at 31 December 2020).

Obligations arising from reverse factoring transactions

As from 2020 the Parent Company Rekeep S.p.A. entered into some reverse factoring lines which ensure a greater amount of overdraft facilities with respect to payments to some suppliers. The overall exposure amounted to € 9,963 thousand at 31 December 2021.

Options on subsidiaries' minority shareholdings

The options on subsidiaries' non-controlling interests were recognized for an amount of € 15,336 thousand at 31 December 2021 (€ 13,077 thousand at 31 December 2020).

Of these an amount of € 13,384 thousand related to the fair value at the date of the Put option granted in favor of the minority shareholder Rekeep Polska S.A. on 20% of the share capital of the company acquired on 30 October 2019. The related strike price is calculated for an amount equal to the product between consolidated EBITDA on a 12-month basis for the quarter immediately preceding the exercise date by a multiple equal to 7.5x, as reduced by the consolidated net financial position and adjustments to Net Working Capital set out in the acquisition contract. This option may be exercised within one year as from the fifth year after the date of acquisition. This option may be exercised between 30 October 2024 and 30 October 2025.

As at 31 December 2021 the estimated liability linked to the Put option held by the minorities of Rekeep France S.a.s. was also recognized for € 1,952 thousand (€ 977 thousand at 31 December 2020), whose shareholding of 30% was transferred to third parties on 15 January 2018 under an Investment Agreement signed in 2017. This option may be exercised between 30 September 2021 and 30 September 2023.

Debt for the acquisition of investments/business units

This item amounted to € 1,112 thousand at 31 December 2021 (€ 745 thousand at 31 December 2020). The increase for the period was due to the recognition of the portion of the deferred price (€ 1,046 thousand) paid at closing for the acquisition of the subsidiary U.Jet S.r.l..

As at 31 December 2020, payables for the acquisition of minority interests amounted to € 745 thousand, of which an amount of € 679 thousand relating to payables for the acquisition of minority interests of other companies in the Polish sub-group.

Other financial liabilities

As at 31 December 2021 other financial liabilities were recorded for € 4,317 thousand, against € 4,474 thousand at 31 December 2020. Other financial liabilities include a loan of € 2,408 thousand granted by the Polish Government to the Polish group's subsidiary Catermed S.A. within the scope of measures put in place to support companies in order to counter the COVID-19 emergency. The loan, which is structured into two lines, i.e. liquidity and preferential financing, has a term of three

years and accrues interest. Furthermore, the balance of this item includes financial liabilities of the newly-acquired U.Jet S.r.l. for € 1,677 thousand (for more details, reference should be made to note 3 Business Combinations).

At 31 December 2020 the Parent Company Rekeep S.p.A. also showed the payable for adjustments to the price for the transfer of Sicura S.p.A. for € 800 thousand, in accordance with the provisions of the contract of sale signed on 28 February 2020. This debt was paid off in 2021.

18. CONTINGENT LIABILITIES

As at the date of approval of the Consolidated Financial Statements at 31 December 2021 no contingent liabilities had arisen for the Rekeep Group, which had not been recognized in the accounts, for which the Management believes that the related financial risks can be regarded as possible but unlikely or for which these risks cannot be quantified and recognized in the financial statements at 31 December 2021.

ANAC's disqualification order - Santobono Pausilipon

With reference to the *ANAC's disqualification order - Santobono Pausilipon*, it should be noted that, at the hearing on the merits held on 25 November 2021, the Council of State, by judgment no. 491/2022 filed on 25 January 2022, granted the appeal filed by the Company against the Lazio Regional Administrative Court's ruling no.3754/2021, annulling any effect of the order adopted by ANAC, previously suspended as a precautionary measure, by which an administrative fine had been imposed for € 10,000 and the disqualification of the Company had been ordered from taking part in public tenders and from awarding public contracts under sub-contract agreements for a period of 6 months.

On 10 November 2017 ANAC, after the completion of proceedings initiated in November 2016 following a report made by A.O.R.N. Santobono Pausilipon in Naples, imposed a sanction (the "ANAC Order") on Rekeep S.p.A. (Manutencoop Facility Management S.p.A. at that time), raising objections concerning the failure to provide a declaration relating to the absence of criminal proceedings against one of the Company's proxy holders in the documentation submitted for the same tender, which took place in 2013. On the other hand, this proxy holder met the legal requirements in full. The ANAC order provided, in addition to a fine of € 10 thousand, for the Company to be excluded from all public tenders for a period of 6 months as from the date of entry in the computerized records of economic operators in public contracts. The Company, which considers that the order is unfounded and based on erroneous legal grounds, in addition to being disproportionate with respect to the alleged infringement, filed an appeal with the Lazio Regional Administrative Court, while asking the President of the competent division to order the immediate suspension of the measure before any discussion on the merits of the case ("request for precautionary measure from a single-member court"). On 15 November 2017 this request was granted and all the effects of the ANAC Order were suspended. On 21 December 2017 the Lazio Regional Administrative Court granted the appeal, as regards the merits, submitted by the Company and annulled the ANAC Order. Subsequently, ANAC challenged the administrative court's ruling before the Council of State, while submitting a request for precautionary measures for the suspension of the effects of the trial judgment. At the hearing held on 8 March 2018 the Council of State rejected this request, ordering ANAC to pay expenses.

By a judgment published on 27 December 2018, however, the Council of State granted the appeal filed by ANAC against the Lazio Regional Administrative Court's ruling of 21 December 2017, which had annulled the ANAC's Order.

The Company successfully challenged the order before the Regional Administrative Court, but, within appellate proceedings brought by ANAC, the disqualification order was confirmed by the Council of State; at the end of the procedure for application of extraordinary means of appeal (appeal for review and judicial appeal to the Supreme Court), it became final on 4 December 2020 with the filing of the Supreme Court's judgment no. 27770/2020. As a result of this judgment, any suspension effect of ANAC Resolution no. 1106/2017 was therefore removed, which entails, in addition to a fine of € 10,000, the exclusion of Rekeep S.p.A. from public tender procedures and subcontracting of public contracts for a financial period of 6 months in accordance with Legislative Decree 50 of 2016 (the "Public Contracts Code"). The entry, which had been previously blacked out by ANAC, was therefore re-inserted in the computerized records of economic operators in public contracts relating to works, services and supplies as from 25 December 2020 and until 17 June 2021. Rekeep S.p.A. had formally asked ANAC to postpone the immediate new reinstatement of the entry in the records until the conclusion of the proceedings initiated by ANAC on the Application for Re-examination submitted on 20 October 2020 and, subordinately, to specify that the disqualifying effects of these records, as provided for by Article 38, paragraph 4, of the "Rules for the management of the Computerized Records of public contracts for works, services and supplies, in accordance with Article 213, paragraph 10, of Legislative Decree no. 50 of 18 April 2016", are only limited to exclusion "from tender procedures or from access to qualification if the expiry of the time limit set for submitting bids or the application for qualification falls within the effective period of the entry". ANAC replied to this notice with an additional memo sent on 5 January 2021, whereby it also notified that it rejected the Company's request and intended to reinstate the entry in question, as any other wording would not be in line with the principle according to which tendering requirements must necessarily be met on an ongoing basis». The Company lodged an appeal against this order before the Lazio Regional Administrative Court which declared the appeal as inadmissible by a judgment dated 29 March 2021. The Company filed an appeal against this judgment together with an application for preliminary request, which was accepted by the Council of State by an order dated 23 April 2021. In light of this, any effect of the ANAC order must be regarded as suspended at present. Moreover, following the summary examination of the precautionary proceedings phase, the Council of State held that "the principle of strictly legal typicality of the sanctions (....) has been breached, given that (...) the failure to make a statement with which the Company has been charged under the order does not coincide with a false statement». Finally, the hearing for the trial proceedings which took place on 25 November 2021 before the Council of State, had a favorable outcome for the Company. The Company had also filed an appeal with the European Court of Human Rights in order to protect its interests, having it entered on the docket, due to meeting the preliminary requirement of non-manifest inadmissibility.

19. TRADE PAYABLES, CONTRACT LIABILITIES AND OTHER CURRENT LIABILITIES

The table below sets forth the breakdown of the item at 31 December 2021 and 31 December 2020:

	31 December 2021	of which to related parties	31 December 2020	of which to related parties
Trade payables	372,513		373,295	
Trade payables due to third parties	**372,513**	**0**	**373,295**	**0**
Trade payables to MSC Società di Partecipazione tra Lavoratori	4,683	4,683	5,883	5,883
Trade payables to Group companies within 12 months	17,240	17,240	12,644	12,644
Trade payables to MSC group	**21,923**	**21,923**	**18,527**	**18,527**
Advances from customers, including contract liabilities	18,938	2	21,027	1
Trade payables and contract liabilities	**413,374**	**21,925**	**412,849**	**18,528**
Fees due to directors and statutory auditors	301		245	
Tax payables	9,103		7,835	
Payables to social security institutions within 12 months	19,575		28,269	
Other payables to TJA ("Associazione temporanea di imprese")	5,556		10,807	
Payables to employees within 12 months	48,566		49,356	
Other payables within 12 months	81,919		85,487	
Property collection on behalf of customers	2,176		2,176	
Other current operating payables to third parties	**167,196**	**0**	**184,175**	**0**
Other current payables to Manutencoop Società Cooperativa	36	36	26	26
Other payables to Group companies	97	97	31	31
Other current payables to MSC Group	**133**	**133**	**57**	**57**
Accrued expenses	61		3	
Deferred income	67		14	
Accrued expenses and deferred income	**128**	**0**	**17**	**0**
Other current operating payables	**167,457**	**133**	**184,249**	**57**

Trade payables do not accrue interest and are settled, on average, 90/120 days from the invoice date. The other payables are non-interest bearing payables and are settled, on average, after 30 days, excluding payables due to employees for accrued 13th and 14th monthly pay and holidays paid at 6 months on average, and the amounts due to the Tax Authorities on account of VAT.

Trade payables and contract liabilities amounted to € 413,374 thousand at 31 December 2021 against a balance of € 412,849 thousand at 31 December 2020, showing an increase of € 525 thousand.

Other current operating payables showed a balance of € 167,457 thousand at 31 December 2021 (€ 184,249 thousand at 31 December 2020) and are mainly made up of the following items:

- payables to employees of € 48,566 thousand (€ 49,356 thousand at 31 December 2020) including the current monthly salaries to be paid in the months after the end of the financial period, as well as payables for additional monthly salary to be paid (a portion of the 14th salary, to be paid every year in the month of July, and of the 13th salary, to be paid every year in December). Furthermore, the corresponding payables to social security institutions were recognized for € 19,575 thousand (€ 28,269 thousand at 31 December 2020);
- payables due to tax authorities for € 9,103 thousand mainly relating to the balance of payables for VAT payments on the part of some Group companies and of the IRPEF (Personal Income) tax payable for employees (€ 7,835 thousand at 31 December 2020);
- collections on behalf of Temporary Associations of Companies (TJA) for € 5,556 thousand, which relate to the amounts collected by the Group, on behalf of third parties, mainly relating to job orders under CONSIP agreement (€ 10,807 thousand at 31 December 2020).

As at 31 December 2021, Other payables within 12 months included the remaining payable relating to the fine imposed by the Competition Authority in relation to the Consip FM4 Tender, which was recognized by the Parent Company Rekeep S.p.A.. While continuing to have confidence in the reasonableness of the defence arguments, the Directors given the enforceability of the fine, recognized the debt relating to expected financial outlay in the Consolidated Financial Statements at 31 December 2020 for an amount equal to what is stated in the Competition Authority's order, as well as in the related updated installment payment plan sent by the Revenue Agency on 22 December 2020 (€ 82,200 thousand, including surcharges and collection costs). In 2021, the Company resumed operations to pay monthly installments, paying part of the installments suspended during the Covid-19 emergency period, even due to the expiry of the final deadline for suspending payments of the sums on the tax roll provided for by the legislative orders issued during the emergency period (31 August 2021), which entailed recognition of a higher collection cost on certain installments for € 606 thousand in 2021 (of which an amount of € 255 thousand recognized as an increase in the payable and € 351 thousand recognized under provisions for risks and charges, due to the different probability of application of the additional cost) in addition to default interest. The residual debt stated in the Consolidated Financial Statements amounted to € 72,194 thousand at 31 December 2021.

20. REVENUE FROM CONTRACTS WITH CUSTOMERS

The table below sets forth the breakdown of the item for the years ended 31 December 2021 and 31 December 2020, as restated:

	For the year ended	
	31 December 2021	31 December 2020
Revenues from product sales	28,857	42,443
Service revenues	978,634	918,581
Revenues from construction activities and plant installation	86,215	98,795
Other sales revenues	25,053	18,121
REVENUE FROM CONTRACT WITH CUSTOMERS	1,118,759	1,077,940

At 31 December 2021 *Revenue from contracts with customers* amounted to € 1,118,759 thousand (€ 1,077,940 thousand at 31 December 2020).

The item showed an increase of € 40,819 thousand, driven by the Private and Public markets mainly due to two effects: there was an increase in volumes thanks to less stringent closures due the Covid-19 pandemic on the one hand and, on the other, an increase in the price charged to the customer in the integrated management heat service contracts following an increase in energy costs. The healthcare sector also contributed to the rise in revenues for the period, recording a better performance in the first half of 2021, thanks to higher sales of PPE and the supply of bulk materials (gowns) and mattresses as requested by the hospital trusts, which were requested during the "third wave" of the Covid-19 emergency, while a slowdown was recorded in the remaining part of the year.

The contribution of foreign companies to consolidated revenues from contracts with customers amounted to € 156,467, against € 133,039 thousand recorded at 31 December 2020, which were mainly contributed to by the results achieved by the Group led by Rekeep Polska.

21. OTHER REVENUES

The table below sets forth the breakdown of the item for the years ended 31 December 2021 and 31 December 2020:

	For the year ended	
	31 December 2021	31 December 2020
Grants	531	534
Asset capital gains	928	185
Recovery of costs – seconded personnel	0	98
Compensation for damages	699	145
Revenues for leases and rentals	12	12
Other revenues	1,096	2,476
OTHER REVENUES	3,266	3,450

At 31 December 2021 the balance of *Other revenues* amounted to € 3,266 thousand compared to € 3,450 thousand in 2020, showing a decrease of € 184 thousand.

Operating grants, equal to € 531 thousand, mainly related to grants on training projects for subordinate staff.

Finally, "Other revenues" mainly include unsecured grants that the Polish government has disbursed to the companies in the Rekeep Polska for € 614 thousand.

22. COSTS OF RAW MATERIALS AND CONSUMABLES AND CHANGE IN INVENTORIES OF FINISHED AND SEMI-FINISHED PRODUCTS

The breakdown of the item is shown below for the years ended 31 December 2021 and 31 December 2020:

	For the year ended	
	31 December 2021	**31 December 2020**
Fuel consumption	62,961	43,878
Consumption of raw materials	130,975	119,481
Purchase of semi-finished/finished products	619	1,293
Products of auxiliary materials and consumables	11,229	18,355
Packaging	2,424	2,295
Change in inventories of fuel and raw materials	2,347	(541)
Other purchases	4,411	6,990
CONSUMPTION OF RAW MATERIALS AND CONSUMABLES	**214,966**	**191,751**
Change in inventories of finished and semi-finished products	918	5,087
CHANGE IN INVENTORIES OF FINISHED AND SEMI-FINISHED PRODUCTS	**918**	**5,087**

At 31 December 2021 the item amounted to € 214,966 thousand compared to € 191,751 thousand at 31 December 2020. The increase, equal to € 23,215 thousand, was mainly due to an increase in fuel and energy prices, which mainly occurred in the second half-year, as well as to the higher consumption of raw and auxiliary materials due to the resumption of routine work during the year thanks to the less stringent measures put in place in order to cope with the Covid-19. *Other purchases* include costs for other materials such as clothing and PPE for the staff members employed on site at customers' premises.

The change in inventories of finished products was mainly due to the production by Medical Device S.r.l. of medical devices and PPE.

23. COSTS FOR SERVICES AND USE OF THIRD PARTY ASSETS

The breakdown of the item is shown below for the years ended 31 December 2021 and 31 December 2020:

	For the year ended	
	31 December 2021	31 December 2020
Third-party services	208,907	224,421
Consortia services	10,264	7,791
Equipment maintenance and repair	8,193	8,371
Professional services	32,961	37,726
Statutory Auditors' fees	357	258
Transport	12,702	12,923
Advertising and promotion	455	406
Bonuses and commissions	287	170
Insurance and sureties	6,368	6,091
Bank services	390	378
Utilities	8,636	10,999
Travel expenses and reimbursement of expenses	2,733	2,359
Employee services	7,493	7,204
Other services and contingent items	11,724	11,379
Costs for services	**311,470**	**330,476**
Rent expense and Hires	5,700	5,940
Hiring of equipment and others	6,182	5,789
Costs for leased assets	11,882	**11,729**
COSTS FOR SERVICES AND USE OF THIRD PARTY ASSETS	**323,352**	**342,205**

For the year ended 31 December 2021 *Costs for services and use of third party assets* totaled € 323,352 thousand, marking a decrease of € 18,853 thousand compared to the balance of the item recorded in the previous year. The change was mainly due to a drop in costs for third-party services: from the previous years the Group started in fact a major process of internationalization in performing some activities, which entailed a change in the mix of production factors in favor of the labor cost, as described in note 24 below.

24. PERSONNEL COSTS

The breakdown of the item is shown below for the years ended 31 December 2021 and 31 December 2020:

	For the year ended	
	31 December 2021	**31 December 2020**
Wages and salaries	320,106	301,290
Social security charges	78,174	75,686
Secondment costs	30,756	28,688
ESI paid to INPS (National Social Security Institute) and to funds	23,553	23,209
Directors' fees	949	1,202
Other personnel costs	3,122	1,535
Current benefits	**456,660**	**431,610**
Employee termination indemnity provision	739	506
Subsequent benefits	**739**	**506**
Employment termination benefits	2,797	1,024
Employment termination benefits	**2,797**	**1,024**
PERSONNEL COSTS	**460,196**	**433,140**

At 31 December 2021, Personnel Costs, equal to € 460,196 thousand, showed an increase of € 27,056 thousand compared to the previous year (when they amounted to € 433,140 thousand).

The total change in Group personnel costs is necessarily correlated to the cost of services, as the mix of production costs linked to "internal" work (i.e. work performed by employees of Group companies) and "external" work (i.e. work performed by third-party providers) can change significantly according to organizational changes aimed at increasing overall productivity.

The ratio between Revenues from sales and services and the total amount of costs for internal personnel ("make") and services costs ("buy") relating to third-party services, services provided by consortia and professional services, came to 156% at 31 December 2021 against 153% at 31 December 2020. The "make-or-buy ratio" shows that the Group is continuing to implement an organizational preference for producing by greater recourse to internal production factors than to purchasing services from external sources.

The cost of personnel related to the work performed in Italy was Euro 358,812 thousand (€ 351,842 thousand at 31 December 2020).

25. OTHER OPERATING COSTS

The breakdown of the item is shown below for the years ended 31 December 2021 and 31 December 2020:

	For the year ended	
	31 December 2021	31 December 2020
Capital losses on disposals of assets	55	185
Losses on receivables	14	50
Other taxes	2,083	2,201
Fines and penalties	1,815	83,915
Credit Discount on assignments of receivables	213	214
Other operating costs and contingent items	9,426	5,168
OTHER OPERATING COSTS	**13,606**	**91,733**

Other operating costs amounted to € 13,606 thousand, showing a decrease of € 78,127 thousand compared to the balance for the previous year (€ 91,733 thousand at 31 December 2020).

The change was mainly attributable to the recognition in the 2020 financial year of the fine imposed on the Parent Company Rekeep S.p.A. by the Competition Authority in relation to the Consip FM4 tender, for € 79,800 thousand in addition to collection charges and surcharges of € 2,612 thousand. While continuing to have confidence in the reasonableness of the defence arguments, the Directors, given the enforceability of the fine, have decided to recognize the total amount of the fine in the financial statements at 31 December 2020. In this regard, an additional amount of € 255 thousand was recognized for higher collection costs in 2021. For more details, reference should be made to note 15 above.

After excluding the amount of the fine in the two comparative financial years, the change increased by € 3,818 thousand, mainly due to higher taxes, penalties and other operating costs.

26. AMORTIZATION/DEPRECIATION, WRITE-DOWNS AND WRITE-BACKS OF ASSETS

The breakdown of the item is shown below for the years ended 31 December 2021 and 31 December 2020:

	For the year ended	
	31 December 2021	31 December 2020
Amortization of intangible assets	6,325	7,293
Depreciation of property, plant and equipment	24,292	22,558
Amortization of Rights of use	7,155	6,787
Write-downs of receivables, net of releases	3,619	3,284
Write-down of property, plant and equipment	76	0
Other write-downs	10	550
AMORTIZATION/DEPRECIATION, WRITE-DOWNS AND WRITE-BACK OF ASSETS	**41,477**	**40,472**

At 31 December 2021 *Amortization/depreciation, write-downs and write-backs of assets* amounted to € 41,477 thousand, showing an increase of € 1,005 thousand compared to the balance of item in the previous year.

Specifically note the following:

- an increase in amortization/depreciation for a total of € 1,134 thousand, mainly attributable to property, plant and equipment;
- higher write-downs of receivables made for € 335 thousand during the year.

27. DIVIDENDS, INCOME AND LOSSES FROM INVESTMENTS

The breakdown of the item is shown below for the years ended 31 December 2021 and 31 December 2020:

	For the year ended	
	31 December 2021	31 December 2020
Dividends	302	430
Capital gains (capital losses) from sale of equity investments	1,196	4,797
DIVIDENDS, INCOME AND LOSSES FROM INVESTMENTS	**1,498**	**5,227**

In 2021, dividends were collected from other companies not included under the scope of consolidation for € 302 thousand, relating to investee companies of the Parent Company Rekeep S.p.A..

Capital gains (capital losses) from sale of equity investments included a net capital gain recorded as result of the sale by Servizi Ospedalieri S.p.A. of Fratelli Bernard S.r.l., a company specializing in industrial laundering services, of which it held an investment of 20% in the quota capital: the sale was signed on 28 December 2021 for a consideration of € 2,200 thousand, of which an amount of € 300 thousand was deferred, achieving a net capital gain of € 514 thousand in the Group's Consolidated Financial Statements, consisting of a net capital gain of € 1,800 thousand recognized in the Financial Statements of Servizi Ospedalieri, net of net capital loss arising from the consolidation adjustments allocated to the company.

The Parent Company Rekeep S.p.A. also sold an associate investment on 4 January 2021, which achieved a net capital gain of € 638 thousand in the Consolidated Financial Statements (consisting of a net capital gain of € 812 thousand recognized in the Financial Statements of the Company, net of net capital loss arising from the consolidation adjustments allocated to the company).

As at 31 December 2020, on the other hand, this item included a capital gain of € 3,857 thousand obtained by Servizi Ospedalieri from the disposal of Linea Sterile S.p.A. in which it held 15% of the share capital, as well as an income of € 900 thousand, in relation to the collection of the premium-for-yield granted under the agreement for the sale of investments to 3i EOPF carried out in December 2018.

28. FINANCIAL INCOME

The breakdown of the item is shown below for the years ended 31 December 2021 and 31 December 2020:

	For the year ended	
	31 December 2021	**31 December 2020**
Interest on bank current accounts	210	14
Interest on non-property and intercompany current accounts	163	233
Interest on trade receivables	318	628
Interest from discounting of non-interest bearing loans	3	10
Interest and other income from securities	1	1
Capital gains on sale of securities	-	1,160
Other financial income	360	529
FINANCIAL INCOME	**1,055**	**2,575**

Financial income recorded a decrease equal to € 1,520 thousand compared to the previous year, when capital gains on securities for € 1,160 thousands were recognized by the Parent Company Rekeep S.p.A. following the repurchase of portions of the previous bond issue for a nominal value of € 15,800 thousand, which took place in the second quarter of 2020.

29. FINANCIAL COSTS

The breakdown of the item is shown below for the years ended 31 December 2021 and 31 December 2020:

	For the year ended	
	31 December 2021	31 December 2020
Financial costs for “finance” leases	145	132
Financial costs for “operating” leases	1,637	1,790
Financial costs on intercompany loans	67	183
Interest on bank loans and current account overdrafts	413	36
Other financial costs	30,230	34,084
Interest discount on assignments of receivables without recourse	5,259	4,534
Interest on trade payables	224	510
Other financial costs	31,706	8,812
FINANCIAL COSTS	**69,681**	**50,081**
Exchange rate adjustments	(424)	(752)
PROFIT (LOSS) ON EXCHANGE RATE	**(424)**	**(752)**

Financial costs showed a total increase of € 19,600 thousand in 2021 compared to the previous year.

The change in this item was significantly affected by the refinancing transaction carried out by the Parent Company Rekeep S.p.A., which entailed an early redemption of the Senior Secured Notes issued in 2017, due 2022 and a coupon at an annual fixed rate of 9% (for a nominal value of € 333.9 million at the settlement date), as well as the issue of new Senior Secured Notes due 2026 and a coupon at an annual fixed rate of 7.25% for a total amount of € 370.0 million. At the same time as the bond issue the Revolving Credit Facility line of € 50.0 million was repaid and a new facility was signed for a maximum amount of € 75.0 million. This transaction, which will allow in the next financial years a reduction in the weight of financial charges on results of operations (payable with a coupon on a six-monthly basis on 1 February and 1 August, as from 1 August 2021) entailed the payment of non-recurring financial charges for € 23,674 thousand during the first half of 2021.

With reference to the Senior Secured Notes, *Financial charges on other loans* included financial costs on the coupons of the Notes for € 27,514 thousand, which accrued in 2021, of which € 2,254 thousand related to interest accrued on previous notes before the sale, down by € 3,023 thousand compared to the balance recorded in the previous year (€ 30,537 thousand); the item clearly showed the benefit in term of interest accrued on the Notes, due to the lower interest rate applied on the new issue. *Other financial costs* included financial charges for amortized cost accrued in 2021 for € 7,176 thousand, including the write-off of the residual additional costs to the issue in 2017 equal to € 5,818 thousand, against a cost of € 3,977 thousand which

affected the 2020 financial year (including the write-off cost on the Notes repurchased during the year, equal to € 402 thousand).

Other financial costs also included amortization charges of the initial costs for the new facility *Super Senior Revolving Credit Facility* ("RCF"). These costs, which were initially equal to € 1,260 thousand, were also amortized on a straight-line basis throughout the term of the credit facility and gave rise to amortization charges of € 258 thousand in 2021, to which must be added € 254 thousand related to the reversal through profit or loss of the residual portion of the costs concerning the previous RCF facility (initially equal to € 1.0 million), which are also amortized on a straight-line basis throughout the term of the credit facility (in 2020, the charges accrued in the period attributable to the facility amounted to € 325 thousand). Other financial charges incurred for the Super Senior Revolving Facility included commitment fees charged by banks equal to € 673 thousand (€ 67 thousand at 31 December 2020). Finally, with regard to the facility, interest on temporary partial uses accrued for € 223 thousand in 2021, which was included in the item *Charges on other loans*. In 2020, the facility was used on 23 March 2020 and repaid on 31 December 2020 generating financial costs for the time being equal to € 1,670 thousand.

Finally, the refinancing transaction, which was completed at the beginning of 2021, entailed a further charge to the item *Other financial charges* for € 17,592 thousand, of which € 15,026 thousand related to early redemption costs on the basis of the redemption premium set in the rules of the Senior Secured Noted and € 2,567 thousand due to bank fees correlated to the new issue.

Finally, the Group recorded charges correlated to the assignments of trade receivables without recourse and VAT made during the year for € 5,259 thousand at 31 December 2021, of which € 182 thousand related to the assignments of VAT receivables requested for refund (totaling € 4,534 thousand at 31 December 2020) and financial costs accrued on the financial liability for operating leases equal to € 1,637 thousand (€ 1,790 thousand in 2020).

30. CURRENT AND DEFERRED TAXES

The breakdown of the item is shown below for the years ended 31 December 2021 and 31 December 2020:

	For the year ended	
	31 December 2021	**31 December 2020**
Current IRES tax	12,685	13,141
Current IRAP tax	5,447	4,430
(Income) costs from tax consolidation	(2,237)	(2,536)
Adjustments to current taxes of previous years	413	707
Current taxes	**16,308**	**15,742**

	For the year ended	
	31 December 2021	31 December 2020
Deferred IRES tax	1,520	(1,278)
Deferred IRAP tax	(56)	131
Deferred taxes relating to previous years	(29)	29
Deferred taxes	**1,435**	**(1,118)**
CURRENT AND DEFERRED TAXES	**17,743**	**14,624**

In 2021 the Group recorded taxes totaling € 17,743 thousand, marking an increase of € 3,116 thousand compared to the taxes recognized at 31 December 2020.

More specifically, the main changes are as follows:

- a decrease of € 456 thousand in the current IRES tax balance;
- an increase of € 1,017 thousand in the current IRAP tax balance;
- an increase of € 299 thousand in the balance of income from tax consolidation;
- negative adjustments to current taxes relating to previous years for € 294 thousand;
- the recognition of a net charge of € 1,435 thousand, relating to the total balance of prepaid and deferred taxes (a net income of € 1,118 thousand at 31 December 2020). The future recovery of deferred tax assets has been assessed on the basis of the same forecasts as those used by the Management for the impairment test on goodwill (see note 7).

At 31 December 2020 the Group recognized Current tax receivables for a total amount of € 5,278 thousand, relating to the net balance of the excess IRES tax advances paid to the Tax Office or receivables from parent company MSC Società di Partecipazione tra Lavoratori (formerly Manutencoop Società Cooperativa) which arose within the scope of the national tax consolidation in force with some Group companies.

The reconciliation between current income taxes accounted for and the theoretical tax resulting from the application of the IRES tax rate in force for the years ended 31 December 2021 and 31 December 2020 to pre-tax profit is set out below. The theoretical IRES tax rate applicable in Italy is 24% of taxable income for the financial period. The table includes the effects on current IRES tax arising from the recognition of income from participation in the tax consolidation scheme. The theoretical IRAP tax rate applicable in Italy varies by region and business sector. The taxes of foreign companies are calculated on the basis of rates that are applicable at local level.

	31 December 2021		31 December 2020	
		%		%
PRE-TAX PROFIT	(3,259)		(68,396)	
of which Discontinued operations	*16*		*2,694*	
Current taxes calculated in Italy – IRES tax	11,368		12,438	
(Income)/ costs from national tax consolidation	(2,237)		(2,536)	
Current taxes calculated in Italy - IRAP tax	5,447		4,430	
Current taxes calculated abroad	1.316		703	
Taxes for previous years	413		707	
EFFECTIVE TAX / RATE	**16,307**	**N/A**	**15,742**	**N/A**
OF WHICH DISCONTINUED OPERATIONS	*0*	***0%***	*125*	***4.65%***

Deferred tax assets and liabilities

At 31 December 2021 the Group recorded deferred tax assets of € 15,783 thousand, net of deferred tax liabilities of € 16,384 thousand, as shown below:

	Tax effect on thebalance sheet			Tax effect through P&L	Tax effect on equity
	31 December 2020	of which Business Combinations	31 December 2021	31 December 2021	31 December 2021
Deferred tax assets:					
Expected credit losses	4,767		2,751	(2,016)	
Provisions for risks and charges	4,074		4,663	589	
Amortization	973		891	(82)	
Interest expense	3,071		3,086	5	
Cash cost deduction	49	30	35	(44)	
Other consolidation adjustments	321	30	380	37	(7)
Other temporary adjustments	4,690	31	3,977	34	(5)
Foreign exchange effect					
Total deferred tax assets	**17,945**	**91**	**15,783**	**(1,477)**	**(776)**
Deferred tax liabilities:					
Goodwill amortization	(11,428)		(11,528)	(100)	

	Tax effect on thebalance sheet			Tax effect through P&L	Tax effect on equity
	31 December 2020	of which Business Combinations	31 December 2021	31 December 2021	31 December 2021
Purchase Price Allocation	(1,539)		(1,472)	67	
Cash cost deduction	(845)		(665)	181	
Employee benefit discounting	18		3	(17)	(3)
Other consolidation adjustments	(227)		(203)	25	
Other temporary differences	(2,686)		(2,520)	(113)	
Foreign exchange effect					282
Total deferred tax liabilities	**(16,708)**	**0**	**(16,384)**	**43**	**280**
NET DEFERRED TAXES	**1,238**	**91**	**(601)**	**(1,435)**	**(497)**

31. NON-CURRENT ASSETS HELD FOR SALE AND LIABILITIES DIRECTLY ASSOCIATED WITH ASSETS HELD FOR SALE

No significant assets held for sale were recognized at 31 December 2021.

With regard to the 2020 financial year, on 28 February 2020 the parent company Rekeep S.p.A. sold its full investment in Sicura S.p.A., the Group's sub-holding company operating in the facility management sector as a provider of specialist services in the fields of safety and fire prevention.

The transfer to Argos Wityu, a pan-European Private Equity fund, entailed the recognition of a consideration of € 55,041 thousand. In the consolidated financial statements for the financial year ended 31 December 2020 the income statement balances relating to the sub-group controlled by Sicura S.p.A. and prior to the date of transfer were reclassified in the Statement of Profit/Loss for the year under a single item of “Profit (loss) from discontinued operations” in accordance with IFRS5. However, the adoption of this standard did not entail any impact on consolidated net Profit and consolidated equity.

The Profit (loss) from discontinued operations for the 2020 financial year also included the write-down of the receivable for the remaining consideration claimed by the Parent Company Rekeep S.p.A. in relation to the sale of Energyproject S.r.l., which took place in 2014, for a value equal to € 409 thousand.

Financial flows generated from/used in discontinued operations

Assets held for sale and related associated liabilities, which were entirely attributable to the sub-group controlled by Sicura S.p.A., as well as discontinued operations in previous years, gave rise to the following cash flows:

	31 December 2021	31 December 2020
Collection of deferred consideration from sale of Energyproject S.r.l. (2014)	0	205
Collection of consideration from sale of Sicura S.p.A. (2020)	0	53,731
CASH FLOW FROM DISPOSAL OF OPERATING ASSETS	**0**	**53,935**

The sale of Sicura S.p.A. on the part of the parent company Rekeep S.p.A. took place on 28 February 2020 for a gross consideration equal to € 55,041 thousand, which had been collected in full as at the reporting date of these financial statements.

32. EARNINGS PER SHARE

Basic earnings per share are calculated by dividing consolidated net profit in the year pertaining to the Parent Company's ordinary shareholders by the weighted average number of outstanding ordinary shares during the year. Diluted earnings per share are, in the case of the Rekeep Group, equal to basic earnings per share, since no convertible bonds or share options were issued by the Parent Company.

Income and information on the shares used for the purpose of calculating consolidated basic earnings per share are shown below:

	For the year ended	
	31 December 2021	31 December 2020
Net profit /(loss) attributable to shareholders (in thousands of Euro)	(22,588)	(83,154)
Number of ordinary shares (excluding own shares) for the purpose of basic earnings per share	109,149,600	109,149,600
BASIC AND DILUTED EARNINGS PER SHARE (IN EURO)	**N.A.**	**N.A.**

	For the year ended	
	31 December 2021	31 December 2020
Net profit /(loss) from continuing operations (in thousands of Euro)	(21,001)	(83,020)
Net profit /(loss) from continuing operations pertaining to minority interests (in thousands of Euro)	(1,603)	(2,703)
Net profit from continuing operations pertaining to the Group (in thousands of Euro)	(22,604)	(85,723)
Number of ordinary shares for the purpose of basic earnings per share	109,149,600	109,149,600
BASIC AND DILUTED EARNINGS PER SHARE OF CONTINUING OPERATIONS (IN EURO)	**N.A.**	**N.A.**

No other transactions were performed regarding ordinary shares or potential ordinary shares between the balance sheet date and the date the financial statements were drafted.

33. OPERATING SEGMENTS

The services provided by the Rekeep Group can be divided into two primary areas of business, which coincide with the Strategic Business Units (SBU) where business is channeled. The latter is not affected by significant seasonality factors. The SBUs identified coincide with the CGUs where the Group's activities are conducted. See note 6 for details.

Information on the operating segments for the financial year ended 31 December 2021

	Facility Management	Laundering & Sterilization	Eliminations	Total
Segment revenues	975,196	150,471	(3,642)	1,122,026
Segment costs	(927,216)	(136,273)	3,642	(1,059,846)
Operating income (loss) by segment	**47,981**	**14,199**	**0**	**62,179**
Share of net profit of associates	916	351	0	1,267
Net financial income (costs)				(66,704)
Profit (loss) before taxes				(3,258)
Income taxes				(17,743)
Profit (loss) from discontinued operations				16
NET PROFIT (LOSS) FOR THE YEAR ENDED 31 DECEMBER 2021				**(20,985)**

	Facility Management	Laundering & Sterilization	Eliminations	Total
Assets allocated to the segment	492,850	139,427	(2,709)	629,568
Goodwill	388,752	15,954		404,706
Investments	12,111	4,182		16,294
Other assets not allocated and related taxes				143,306
SEGMENT ASSETS AT 31 DECEMBER 2021	**893,713**	**159,563**	**(2,709)**	**1,193,873**
Liabilities allocated to the segment	571,227	61,287	(2,709)	629,805
Other liabilities not allocated and related taxes				512,735
SEGMENT LIABILITIES AT 31 DECEMBER 2021	**571,227**	**61,287**	**(2,709)**	**1,142,540**

	Facility management	Laundering & Sterilization	Total
OTHER SEGMENT INFORMATION AT 31 DECEMBER 2021			
Investments in segment assets	11,177	15,940	**27,117**
Amortization/depreciation and write-downs of segment assets	21,277	20,200	**41,477**

Information on the operating segments for the financial year ended 31 December 2020

	Facility Management	Laundering & Sterilization	Eliminations	Total
Segment revenues	919,044	166,298	(3,951)	1,081,391
Segment costs	(959,512)	(145,258)	3,951	(1,100,819)
Operating income (loss) by segment	**(40,468)**	**21,040**	**0**	**(19,428)**
Share of net profit of associates	(7,371)	(70)	0	(7,441)
Net financial income (costs)				(41,527)
Profit (loss) before taxes				**(68,396)**
Income taxes				(14,624)
Profit (loss) from discontinued operations				2,569
NET PROFIT (LOSS) FOR THE YEAR ENDED 31 DECEMBER 2020				**(80,451)**

	Facility Management	Laundering & Sterilization	Elisioni	Total
Assets allocated to the segment	486,972	129,510	(2,608)	613,873
Goodwill	388,752	13,810		402,562
Investments	10,883	5,387		16,270
Other assets not allocated and related taxes				133,350
SEGMENT ASSETS AT 31 DECEMBER 2020	**886,606**	**148,707**	**(2,608)**	**1,166,055**
Liabilities allocated to the segment	579,117	67,185	(2,608)	643,694
Other liabilities not allocated and related taxes				449,826
SEGMENT LIABILITIES AT 31 DECEMBER 2020	**579,117**	**67,185**	**(2,608)**	**1,093,520**

	Facility management	Laundering & Sterilization	Total
OTHER SEGMENT INFORMATION AT 31 DECEMBER 2020			
Investments in segment assets	18,268	20,869	**39,137**
Amortization/depreciation and write-downs of segment assets	22,277	18,195	**40,472**

Geographical areas

The Group conducts its core business in Italy. At 31 December 2021 the activities conducted abroad were still marginal for the Group, although on the rise, and generated revenues amounting to € 154,484 thousand (€ 124,949 thousand at 31 December 2020).

The information by geographical area required by IFRS 8 is shown below for the years ended 31 December 2021 and 2020.

	Italy	Foreign countries	Eliminations	Total
INFORMATION BY GEOGRAPHICAL AREA AT 31 DECEMBER 2021				
Revenues	967,542	154,484		**1,122,026**
Non-current operating assets	536,540	17,610		**554,150**

INFORMATION BY GEOGRAPHICAL AREA AT 31 DECEMBER 2020	Italy	Foreign countries	Eliminations	Total
Revenues	956,441	124,949		**1,081,390**
Non-current operating assets	535,019	15,103		**550,122**

34. COMMITMENTS AND GUARANTEES

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

Specifically, the Group signed "finance" lease agreements primarily for plant and equipment used in the production processes of the Laundering & Sterilization SBU and for motor vehicles and equipment. Moreover, during 2017 a property lease agreement was signed by subsidiary Servizi Ospedalieri S.p.A. to acquire the factory in Lucca, while the acquisitions of EOS and Medical Device S.r.l., during 2018 and the acquisition of Rekeep Polska in 2019 contributed additional leases for capital goods and for the use of a property.

Furthermore, the Group holds commitments to the execution of property lease agreements for the Group's offices, as well as long-term hire agreements for the Group companies' corporate fleets and agreements for the hiring of equipment used in performing some work contracts, accounted for in accordance with the new IFRS16 as from 1 January 2019.

The tables below report the breakdown of the amount of future payments under lease agreements and their present value at 31 December 20201 and 31 December 2020:

	31 December 2021			
	"Finance" Lease		"Operating" Lease	
	Lease payments	Present value of lease payments	Lease payments	Present value of lease payments
Within 1 year	2,179	2,105	8,376	6,841
From one year to five years	4,264	4,147	25,272	21,829
After 5 years	1,186	738	9,137	8,446
TOTAL LEASE PAYMENTS	**7,628**	**6,991**	**42,785**	**37,116**
Financial charges	(637)		(5,669)	
PRESENT VALUE OF LEASE	**6,991**	**6,991**	**37,116**	**37,116**

	31 December 2020			
	"Finance" Lease		"Operating" Lease	
	Lease payments	Present value of lease payments	Lease payments	Present value of lease payments
Within 1 year	1,606	1,689	8,145	6,527
From one year to five years	3,934	3,681	24,583	21,128
After 5 years	1,546	1,056	12,193	11,133
TOTAL LEASE PAYMENTS	**7,086**	**6,426**	**44,921**	**38,788**
Financial charges	(660)		(6,133)	
PRESENT VALUE OF LEASE	**6,426**	**6,426**	**38,788**	**38,788**

Furthermore, as at 31 December 2021, the Group granted sureties to third parties for:

› guarantees for financial obligations of € 10,459 thousand (€ 11,022 thousand compared to 31 December 2020), of which € 2,420 thousand issued in the interest of associates for overdrafts and other financial obligations (€ 2,932 thousand at 31 December 2020);

› sureties issued to third parties to ensure the correct fulfillment of contract obligations in place with customers amounting to € 342,774 thousand (€ 324,376 thousand at 31 December 2020), of which € 1 thousand issued in the interest of associates;

› other guarantees issued by third parties in favor of associates, joint ventures and other shareholdings amounting to € 6,619 thousand (€ 10,307 thousand at 31 December 2020);

› other guarantees granted to third parties to replace security deposits required to activate utilities or for lease contracts, as well as to the Inland Revenue Agency for VAT refunds, for a total amount of € 76,889 thousand (€ 48,299 thousand at 31 December 2020).

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

On 18 January 2021, Rekeep S.p.A. announced the launch of an offering of Senior Secured Notes for a total nominal amount of € 350 million. The transaction was successfully formalized on 28 January 2021 with an issue at par due 2026, an annual fixed coupon of 7.25% (payable on a six-monthly basis on 1 February and 1 August, as from 1 August 2021) and non-callable repayment until 1 February 2023. On 9 February 2021, the Company also issued additional Senior Secured Notes with a par value of € 20 million at an issue price of 102.75% plus an amount equal to the interest that would have accrued on the Notes until (and excluding) 9 February 2021 in the event of them being issued on 28 January 2021. These Notes are regulated by the

same terms and conditions as those issued previously (annual rate of 7.25% and due 2026) and will be formally registered in the same series as the latter ones.

At the same time as the issue of 28 January 2021, Rekeep S.p.A. finally signed a new revolving loan agreement that will guarantee a senior secured line of credit ("RCF") for an amount of up to € 75 million, to be used for general purposes and to manage the working capital of the Issuer and Servizi Ospedalieri S.p.A..

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

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

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

The guarantees listed above may be enforced by the counterparties only in the case that one of the events of default envisaged in the above mentioned contracts occurs; up to the occurrence of the same, the assets covered by the guarantee are fully available to the Rekeep Group companies. At 31 December 2021 no events of default had occurred.

35. TRANSACTIONS WITH RELATED PARTIES

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

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

The Parent Company not only provides technical-production services relating to the core business, but also administrative and IT services for certain Group companies. The Parent Company also has some administrative and lease service contracts in place with its parent company MSC Società di Partecipazione tra Lavoratori S.p.A. (formerly Manutencoop Società Cooperativa).

Finally, in certain cases the Parent Company provides and performs technical services and works for individuals who hold top management positions within the Group, according to contracts entered into at arm's length. Advances of € 188 thousand collected in consideration of these services were recognized at 31 December 2021 (€ 984 thousand at 31 December 2020).

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

- MSC sub-leased to the Company the part of the property located in Zola Predosa, via Poli no. 4 (BO), for office use. The lease has a term of five years and is tacitly renewable, except in the event of termination by one of the parties. Annual rent is € 1,320 thousand to be paid in 12 monthly installments;
- MSC also leased to Rekeep S.p.A. the part of the property located in Mestre (VE), via Porto di Cavergnago no. 6, for office use . The lease has a term of six years and is tacitly renewable. Annual rent is expected to be € 325 thousand to be paid in 12 monthly installments;
- On 6 July 2007, Rekeep S.p.A. signed a framework agreement with its parent company, MSC, in order to regulate the essential contents of subsequent personnel leases from MSC to Rekeep S.p.A. pursuant to Title III, Chapter I of Legislative Decree 276/2003. The contract has a five-year term, and is tacitly renewed, unless terminated by one of the parties. As a result of said agreement, which has the legal nature of a prescriptive contract that does not provide rights to third parties, Rekeep S.p.A. and the parent company MSC set out the conditions that regulate any future contracts for the leasing of shareholding personnel of MSC, and the operating rules for establishing and terminating said contracts;
- MSC is committed, on the basis of contracts stipulated with the individual companies of the Rekeep Group, to prepare pay packets;
- Rekeep S.p.A. signed agreements with MSC and the other Group companies for the provision of tax consultancy services.

The breakdown of the balances relating to the transactions carried out by the Group's Companies with related parties is provided in Annex III attached to the Consolidated Financial Statements.

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

Pursuant to art. 2497-bis, paragraph 4 of the Italian Civil Code, the highlights of the latest set of approved financial statements are provided below:

	31 December 2020	31 December 2019
BALANCE SHEET		
ASSETS		
A) Subscribed capital unpaid	27	52
B) Fixed assets	127,428	316,234
C) Current assets	10,409	30,166
D) Accrued income and prepaid expenses	733	993
TOTAL ASSETS	**138,596**	**347,445**
LIABILITIES		
A) Shareholders' equity:		
Share capital	4,564	5,034

	31 December 2020	31 December 2019
Reserves	285,866	277,737
Profit/(Loss) for the year	(186,960)	8,381
B) Provisions for risks and charges	315	684
C) Employee Severance Indemnity	878	984
D) Payables	33,343	53,995
E) Accrued expenses and deferred income	590	630
TOTAL LIABILITIES	**138,596**	**347,445**
INCOME STATEMENT		
A) Value of production	30,447	34,282
B) Costs of production	(28,917)	(33,230)
C) Financial income and costs	1,331	9,033
D) Value adjustments to financial assets	(189,046)	(2,855)
Income taxes for the year	(776)	1,151
Profit/(Loss) for the year	**(186,960)**	**8,381**

Remuneration of members of the Governing and Control Bodies, as well as of other executives with strategic responsibilities

Fees paid to members of governing and control bodies reported below include the total fees paid to the members of these corporate bodies in 2021, as well as those paid to executives with strategic responsibilities in the Parent Company, including for roles held in other Group companies:

	31 December 2021	31 December 2020
Board of Directors		
Short-term benefits	463	416
Post-employment benefits	0	0
TOTAL BOARD OF DIRECTORS	**463**	**416**
Executives with strategic responsibilities		
Short-term benefits	4,281	2,787
Post-employment benefits	125	133
TOTAL EXECUTIVES WITH STRATEGIC RESPONSIBILITIES	**4,406**	**2,920**
Board of Statutory Auditors		
Short-term benefits	102	104
TOTAL BOARD OF STATUTORY AUDITORS	**102**	**104**

The table below reports the fees accounted for in the 2021 consolidated income statement for audit and non-audit services rendered by EY S.p.A. and by other entities in its network:

	31 December 2021	**31 December 2020**
Audit services	698	614
Certification services	20	34
Other services	909	744
TOTAL FEES DUE TO EY S.P.A. NETWORK COMPANIES	**1,627**	**1., 92**

Audit services include the fees paid for the audit of annual and interim consolidated financial statements, as well as of the separate Financial Statements of the Parent Company and of some subsidiaries.

Certification services relate to the fees paid for the issue of tax compliance certificates and the engagements for performance of agreed-upon procedures.

Other services mainly concerned advice services concerning the start-up of the Group's foreign operations.

36. MANAGEMENT OF FINANCIAL RISKS

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

On 18 January 2021, Rekeep S.p.A. also announced the launch of a new offering of Senior Secured Notes for a total nominal amount of € 350 million. The transaction was successfully formalized on 28 January 2021 with an issue at par due 2026, an annual fixed coupon of 7.25% (payable on a six-monthly basis on 1 February and 1 August, as from 1 August 2021) and non-callable repayment until 1 February 2023. The stock was admitted for listing on the EURO MTF multilateral trading facility managed by the Luxembourg Stock Exchange and on the ExtraMOT multilateral trading facility, PRO segment, organized and managed by Borsa Italiana S.p.A.. On 9 February 2021, the Company also issued additional Senior Secured Notes with a par value of € 20 million at an issue price of 102.75% plus an amount equal to the interest that would have accrued on the Notes until (and excluding) 9 February 2021 in the event of them being issued on 28 January 2021. These Notes are regulated by the same terms and conditions as those issued previously (annual rate of 7.25% and due 2026) and will be formally registered in the same series as the latter ones.

The transaction enabled the Parent Company Rekeep S.p.A. to early repay the previous high-yield bond issue named "€360,000,000 9.0% Senior Secured Notes due 2022", which is not convertible and not subordinated, for an overall amount of principal of € 360 million, due 15 June 2022, with an outstanding nominal value equal to € 333.9 million.

The other traditional financing instruments used by the Group Companies are made up of:

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

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

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

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

The table below shows the hierarchical levels for each class of financial asset measured at fair value on 31 December 2021 and 31 December 2020:

	Hierarchy Levels				Hierarchy Levels			
	31 December 2021	**Level 1**	**Level 2**	**Level 3**	**31 December 2020**	**Level 1**	**Level 2**	**Level 3**
Financial assets measured at fair value through profit or loss								
Financial assets, securities and other non-current financial assets	**101**	101			**101**	101		
- of which securities	**101**	101			**101**	101		
Available for sale financial assets								

	Hierarchy Levels				Hierarchy Levels			
	31 December 2021	**Level 1**	**Level 2**	**Level 3**	**31 December 2020**	**Level 1**	**Level 2**	**Level 3**
Financial assets and other current financial assets	**0**	0			**0**	0		
- of which securities	**0**	0			**0**	0		
- of which hedging derivatives	**0**	0			**0**	0		
- of which non-hedging derivatives	**0**	0			**0**	0		
TOTAL FINANCIAL ASSETS	**101**	**101**			**101**	**101**		

The other financial assets posted in the Statement of financial position are not measured at fair value and the Group has no financial liabilities measured at fair value at 31 December 2021 and 31 December 2020. During the year under consideration there were no transfers between fair value measurement levels.

There were no changes in allocation of financial assets that led to a different classification of asset. The Group does not hold instruments to warrant amounts receivable to mitigate credit risk. The carrying amount of financial assets, therefore, represents its potential credit risk.

Classes of financial assets and liabilities

The following table shows the classification of financial assets and liabilities recorded in the consolidated Financial Statements of the Rekeep Group, as required by IFRS 7, and the associated economic effects for the year ended 31 December 2021:

	31 December 2021	**Financial Assets at Fair value through OCI**	**Financial Assets at amortized cost**
NON-CURRENT FINANCIAL ASSETS			
Other investments	7,140	7,140	
Non-current financial assets	4,702		4,702
Other non-current assets	3,232		3,232
Total non-current financial assets	**15,074**	**7,140**	**7,934**
CURRENT FINANCIAL ASSETS			
Trade receivables and advances to suppliers	443,248		443,248

	31 December 2021	Financial Assets at Fair value through OCI	Financial Assets at amortized cost
Current tax receivables	5,278		5,278
Other current assets	24,133		24,133
Current financial assets	14,799		14,799
Cash and cash equivalents	99,512		
Total current financial assets	**586,970**	**0**	**487,458**
TOTAL FINANCIAL ASSETS	**602,044**	**7,140**	**495,392**
FINANCIAL INCOME (COSTS)	**2,977**	**752**	**2,225**

	31 December 2021	Financial Liabilities at Fair Value through profit or loss	Financial Liabilities at amortized cost
NON-CURRENT FINANCIAL LIABILITIES			
Non-current loans	412,883		412,883
Financial liabilities for non-current derivatives	0		0
Other non-current liabilities	1,391		1,391
Total non-current financial liabilities	**414,274**	**0**	**414,274**
CURRENT FINANCIAL LIABILITIES			
Trade payables and contract liabilities	413,374		413,374
Current tax payables	0		0
Other current liabilities	167,457		167,457
Bank borrowings and other financial liabilities	82,077		82,077
Total current financial liabilities	**662,908**	**0**	**662,908**
TOTAL FINANCIAL LIABILITIES	**1,077,182**	**0**	**1,077,182**
FINANCIAL INCOME (COSTS)	**(74,940)**	**0**	**(74,940)**

Below is the same information for the financial year ended 31 December 2020:

	31 December 2020	Financial Assets at Fair value through OCI	Financial Assets at amortized cost
NON-CURRENT FINANCIAL ASSETS			
Other investments	7,130	7,130	
Non-current financial assets	5,529		5,529

	31 December 2020	Financial Assets at Fair value through OCI	Financial Assets at amortized cost
Other non-current assets	3,408		3,408
Total non-current financial assets	**16,067**	**7,130**	**8,937**
CURRENT FINANCIAL ASSETS			
Trade receivables and advances to suppliers	431,121		431,121
Current tax receivables	10,010		10,010
Other current assets	25,636		25,636
Current financial assets	5,994		5,994
Cash and cash equivalents	90,464		
Total current financial assets	**563,225**	**0**	**472,761**
TOTAL FINANCIAL ASSETS	**579,292**	**7,130**	**481,698**
FINANCIAL INCOME (COSTS)	**8,554**	**5,227**	**3,327**

	31 December 2020	Financial Liabilities at Fair Value through profit or loss	Financial Liabilities at amortized cost
NON-CURRENT FINANCIAL LIABILITIES			
Non-current loans	380,738		38,738
Financial liabilities for non-current derivatives	0		0
Other non-current liabilities	60		60
Total non-current financial liabilities	**380,798**	**0**	**380,798**
CURRENT FINANCIAL LIABILITIES			
Trade payables and contract liabilities	412,849		412.849
Current tax payables	2,274		2.274
Other current liabilities	184,249		184.249
Bank borrowings and other financial liabilities	50,047		50,047
Total current financial liabilities	**649,419**	**0**	**649,419**
TOTAL FINANCIAL LIABILITIES	**1,030,217**	**0**	**1,030,217**
FINANCIAL INCOME (COSTS)	**(54,615)**	**0**	**(54,615)**

Liquidity risk

The Group's objective is to maintain a balance between funding and flexibility through the use of current account overdrafts, short-term bank loans (hot money and advances), leases and medium/long-term loans.

The Group is characterized by a labor-intensive model which does not involve significant requirements of capital for investments. However, the Group's customers are mainly composed of public authorities, known for long payment times in respect of the services provided. This aspect means the Group has to also finance working capital through bank indebtedness.

For this purpose the Group may make use of committed credit lines in the form of loans or of assignments without recourse of trade receivables in order to meet financial requirements (if any).

On 27 December 2018 the Parent Company Rekeep S.p.A. and its subsidiary Servizi Ospedalieri S.p.A. signed a 3-year maturity factoring agreement with Bancafarmafactoring S.p.A. 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, in an amount of up to € 200 million. The new agreement replaces the previous one, which was also signed with Banca Farmafactoring S.p.A. in 2016 and which provided for an annual ceiling of up to € 100 million for the assignment of receivables claimed from the National Health System only.

Within the context of the abovementioned refinancing transaction*,* the Parent Company Rekeep S.p.A. also signed a Super Senior Revolving (RCF) loan agreement for a total amount of € 75 million, governed by English law. Specifically, the RCF loan agreement was entered into between, among others, Rekeep S.p.A., on the one hand, and Credit Suisse AG Milan Branch, Goldman Sachs Bank Europe SE, JP Morgan AG and Unicredit S.p.A. (as Mandated Lead Arrangers), Unicredit S.p.A. as Agent and Security Agent, and the Original Lenders, on the other hand. No amount arising from uses under the Super Senior Revolving Loan Agreement may be used, directly or indirectly, in order to, among other things, proceed with the repurchase or redemption of the Bond Issue or the purchase of shares in Rekeep S.p.A..

The Group's management believes that the structure of the financial debt maturity, as well as the availability of the abovementioned committed credit lines, allow the Group to meet its financial requirements in an adequate manner.

Price risk

Risks of this nature which the Group is exposed to could involve changes in the price:

- of oil products relating to heat management activities,
- of cotton, the raw material in the linen used for laundering activities.

However, concerning oil products, these changes are, for the most part, accommodated by the conditions of contracts in place with customers, given that price revision is provided for both by contract, and by art. 115 of Decree Law no. 163 of 12 April 2006. Therefore, it is deemed that the effect on the Group's profit for the year arising from changes in prices, even significant, would essentially have been insignificant, in terms of amount.

Credit risk

The Group's portfolio mix, which, in the past, was made up mainly of contracts with the Public Administration, a situation that did not present insolvency problems, but which required constant contact with customers in order to minimize delays caused by the Authority's red-tape and jointly resolve problems relating to their financial management. At present the portfolio mix also includes some large Italian industrial and banking groups, mainly organized as a network all over the country.

There are no significant credit concentration risks to report, which are carefully monitored by the Group. Furthermore, given the continuing economic downturn, the Group has equipped itself with specific procedures and structures aimed at a more efficient management of its working capital, as well as of debt collection.

Fair value

The carrying amount of the Group's financial instruments recorded in the Consolidated Financial Statements does not deviate from the fair value, including the value of those classified as assets held for sale. Market interest rates were applied to financial assets and liabilities as at the balance sheet date.

The comparison between the carrying amount and fair value of the main financial assets and liabilities is shown below:

	Carrying Amount		Fair value	
	31 December 2021	31 December 2020	31 December 2021	31 December 2020
FINANCIAL ASSETS				
Cash and cash equivalents	99,512	90,464	99,512	90,464
Receivables and other current financial assets	14,799	5,994	14,799	5,994
Other minority interests	7,140	7,130	7,140	7,130
Non-current financial receivables	4,702	5,529	4,702	5,529
FINANCIAL LIABILITIES				
Loans:				
- Variable rate loans	21,387	9,724	21,387	9,724
- Fixed rate loans	411,919	359,785	411,919	359,785
Other current financial liabilities	61,654	61,276	61,654	61,276

Interest rate risk

With the refinancing transaction carried out by the Parent Company Rekeep S.p.A., the Group has requalified its own financial structure, extending the maturity of the medium/long-term debt and keeping a short-term debt portion balanced with respect to the financing requirements of its working capital.

The main source of financing of the Rekeep Group consists of the Senior Security Notes bond issue with a coupon at a fixed rate of 7.25%.

In addition to the bond issue the Group uses, as medium/long-term financing, bank loans subject to the application of fixed interest rates and "finance" lease agreements subject to the application of variable interest rates.

The forms of short-term financing used by the Group, which are mainly subject to the application of variable rates which can be identified as the EURIBOR rate, include current account overdrafts, short- and very short-term (hot money) bank loans and assignments of receivables.

The Group's indebtedness mix is then mainly linked to medium/long-term fixed interest rates.

The breakdown of financial instruments of the Group exposed to interest rate risks is listed in note 17, to which reference should be made as regards Loans, and in notes 9 and 12 to which reference should be made as regards *Non-current financial assets* and *Cash and cash equivalents*, *Receivables and other current financial assets*, respectively.

Interest rate sensitivity analysis

The structure of the consolidated debt is affected, to a marginal extent, by the changes in market rates, as it is mainly based on forms of financing subject to the payment of interest calculated on the basis of fixed rates, as described above. For the remaining amount, the Group makes recourse to variable rate loans, which are linked to the EURIBOR performance.

The table below shows the sensitivity of pre-tax profit for the year to reasonably possible variations in interest rates, all the other variables being kept constant.

	Increase / Decrease	Effect of the profit (loss) gross of taxes
Financial year ended 31 December 2021	+ 150 bps	(2,756)
	- 30 bps	551
Financial year ended 31 December 2020	+ 150 bps	(2,362)
	- 30 bps	472

The sensitivity analysis confirms the rigidity of the financial structure adopted by the Rekeep Group, which is mainly based on medium/long-term fixed-rate loans, as already detailed above.

Exchange rate risk

The Group companies have limited dealings with countries in different currencies; however, the Group operates through subsidiaries at a local level in countries that are not part of the Eurozone. In relation to exchange rate risk, it should be noted that the amount of accounting balances denominated in currencies other than the functional currency is to be regarded as not significant compared to the Group's total revenues.

Therefore, the Group remains exposed to exchange rate risk on the balances of assets and liabilities denominated in foreign currency at the end of the year.

The Group has neither entered into nor is planning to enter into hedging instruments against exchange rate fluctuations in the future.

Capital management

The key objective of the Group's capital management is to guarantee that a solid credit rating is maintained as well as adequate capital ratios to support operations and to maximize value for shareholders.

The Group manages the capital structure and amends it on the basis of changes in economic conditions. In order to maintain or adjust the capital structure, the Group can adjust the dividends paid to shareholders, repay principal or issue new shares.

The Group checks its debt ratio, by assessing the ratio of net debt to the total of own equity and net debt: interest-bearing loans, trade payables, other payables and provisions for employee severance indemnity net of cash and cash equivalents.

	31 December 2021	31 December 2020
Employee termination indemnity	10,483	11,267
Interest-bearing loans	433,306	369,509
Trade payables and contract liabilities	413,374	412,849
Other current payables	167,457	184,249
Other current financial payables	61,654	61,276
Cash and cash equivalents	(99,512)	(90,464)
Other current financial assets	(14,799)	(5,994)
Total Net Debt	**971,963**	**942,692**
Group shareholders' equity	46,746	69,337
Undistributed net profit (loss)	22,588	83,154
Total Capital	**69,334**	**152,491**
EQUITY AND NET DEBT	**1,041,297**	**1,095,183**
INDEBTEDNESS RATIO	**93.3%**	**86.1%**

The debt ratio showed an increase compared to 31 December 2020 as a result of a decrease in the shareholders' equity of the Group against the loss carried forward at 31 December 2020, which was affected by the recognition of the fine imposed by the Competition Authority for € 82,200 thousand, as well as the continuing existence of a significant balance of current payables due to the recognition of liabilities relating to the notice of payment of the fine itself.

37. OTHER INFORMATION

In 2021 some Group companies received financial benefits from Public Authorities or entities treated as such as referred to in Law no. 124 of 4 August 2017 bearing "*Annual Act on market and competition"*.

Specifically, during the 2021 financial year some Group companies achieved income from tax credits for sanitization and the purchase of protective equipment regulated by Article 125 of the Relaunch Decree (Decree Law no. 34 of 2020).

Furthermore, the Parent Company Rekeep S.p.A. and Medical Device S.r.l. entered into soft loans named “Artigiancassa Loan” and “Sabatini Loan”, respectively, as described in note 17 above.

Finally, additional financial benefits were obtained for a lower amount, for which reference should be made to the information provided in the “Register of State Aids” published on-line at the website www.rna.gov.it, section “TRANSPARENCY - PERSONAL AID".

38. SUBSEQUENT EVENTS

New agreement for the assignment without recourse of trade receivables

On 17 January 2022, the Parent Company Rekeep S.p.A. signed a new agreement for the assignment without recourse of its trade receivables with Banca Farmafactoring S.p.A. for an amount of up to € 300 million. The agreement has a term of three years and provides for the possibility of assigning, without recourse and on a revolving basis, receivables claimed by Rekeep S.p.A. and other subsidiaries from Entities in the National Health System and Public Authorities. The new agreement replaces the previous one, which was also signed with Banca Farmafactoring S.p.A. in 2018 and which provided for an annual ceiling of up to € 200 million for the assignment of receivables of the same type.

Heterogeneous transformation and change of name of the parent company

Manutencoop Società Cooperativa transformed its legal form from a cooperative company to a joint-stock company, and, in this context, changed its company name to MSC Società di Partecipazione tra Lavoratori S.p.A., with effect from 1 February 2022. The transaction was carried out following a resolution passed by the extraordinary shareholders' meeting held on 27 November 2021 and upon completion of the formalities required by the applicable provisions of law. The Rekeep Group's parent company retains full continuity of its own legal relationships. Moreover, the shares representing the entire share capital of the cooperative company, which were already held by its shareholders, were proportionally converted into shares of the transformed company with equal total value.

The adoption of the new legal form of joint-stock company originated and was motivated by the need to better support the national and international development of the Rekeep Group. The cooperative company form, due to its rules of governance and remuneration of invested capital, has in fact proved unsuitable over time to cope with this program, which requires both the contribution of capital from shareholders and the financial market and access to advanced financial instruments.

There were no significant impacts on the operations of the Rekeep Group following the transformation.

International geopolitical tensions

As at the date of presentation of the Consolidated Financial Statements, the conflict that broke out on 24 February 2022 following Russia's invasion of Ukraine was still ongoing, and its evolution is not foreseeable at present. The military conflict had immediate repercussions in economic terms: the main Western political forces reacted by imposing extremely harsh economic sanctions on Russia; on the other hand, the climate of uncertainty led to a general rise in inflation.

At present, it is not yet possible to reliably estimate the impact of the international scenario described above and the repercussions that it has on the country. The Management monitors the situation on an ongoing basis.

It should be pointed out that the Group has no business relationships, nor does it have secondary offices or companies in the countries involved in the conflict.

Zola Predosa, 18 March 2022

The Chairman and CEO

Giuliano Di Bernardo

ANNEX I

GROUP COMPANIES

PARENT COMPANY

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

SUBSIDIARIES CONSOLIDATED ON A LINE-BY-LINE BASIS

Name	Registered Office	City	% Held	Currency
Bologna Strade Soc. Cons. a r.l.	Via Ubaldo Poli no. 4	Zola Predosa (BO)	54.37%	Euro
Catermed S.A.	ul. Traktorowa n. 126/201, 91-204	Lodz (Poland)	100%	PLN
Cefalù Energia S.r.l.	Via Ubaldo Poli no. 4	Zola Predosa (BO)	100%	Euro
CO.GE.F. Soc. Cons. a r.l	Via Ubaldo Poli no. 4	Zola Predosa (BO)	80%	Euro
Consorzio Igiene Ospedaliera Soc. Cons. a r.l	Via Ubaldo Poli no. 4	Zola Predosa (BO)	66.66%	Euro
Consorzio Stabile CMF	Via Bolzano no. 59	Trento (TN)	97.449%	Euro
EOS Hijyen Tesis Hizmetleri Saglik Insaat Servis Muhendislik A.S.	Üniversiteler Mahallesi, Bilkent Plaza, A3 Blok, no. 4	Çankaya/ Ankara	51%	TRY
Ferraria Soc. cons. a r.l.	Via Ubaldo Poli no. 4	Zola Predosa (BO)	69%	Euro
H2H Facility Solutions S.p.A.	Via Ubaldo Poli no. 4	Zola Predosa (BO)	100%	Euro
H2H Cleaning S.r.l.	Via Ubaldo Poli no. 4	Zola Predosa (BO)	100%	Euro
ISOM Lavori Soc.Cons. a r.l.	Via Ubaldo Poli no. 4	Zola Predosa (BO)	62.71%	Euro
ISOM Gestione Soc.Cons. a r.l.	Via Ubaldo Poli no. 4	Zola Predosa (BO)	52.97%	Euro
IZAN+ sp. z o.o.	ul. Żabiniec n. 46, 31-215	Krakow (Poland)	100%	PLN
JOL-MARK sp. z o.o.	ul. Portowa n. 16G, 44-100	Gliwice (Poland)	100%	PLN
KANARIND Soc.Cons. a r.l.	Via Ubaldo Poli no. 4	Zola Predosa (BO)	62.43%	Euro
Kolumna Transportu Sanitarnego Triomed sp. z o.o.	ul. Północna n. 22, 20-064	Lublin (Poland)	100%	PLN
Infrastrutture Lombardia Servizi Soc.Cons. a r.l.	Via Ubaldo Poli no. 4	Zola Predosa (BO)	60%	Euro
Logistica Sud Est Soc.Cons. a r.l.	Via Ubaldo Poli no. 4	Zola Predosa (BO)	60%	Euro
Medical Device S.r.l.	Via della Tecnica no. 52	Montevarchi (AR)	60%	Euro
MSE Soc. Cons. a r.l.	Via Ubaldo Poli no. 4	Zola Predosa (BO)	56%	Euro

Name	Registered Office	City	% Held	Currency
Naprzód Catering sp. z o.o.	ul. Stefana Banacha 1A, 02-097	Warsaw (Poland)	100%	PLN
Naprzód Cleaning sp. z o.o.	ul. Żabiniec no. 46, 31-215	Krakow (Poland)	100%	PLN
Naprzód Hospital sp. z o.o.	ul. Żabiniec no. 46, 31-215	Krakow (Poland)	100%	PLN
Naprzód Inwestycje sp. z o.o.	ul. Żabiniec no. 46, 31-215	Krakow (Poland)	100%	PLN
Naprzód IP sp. z o.o. in liquidation	ul. Żabiniec n. 46, 31-215	Krakow (Poland)	100%	PLN
Naprzód Marketing sp. z o.o.	ul. Żabiniec no. 46, 31-215	Krakow (Poland)	100%	PLN
Naprzód Service sp. z o.o.	ul. Traktorowa no. 126/202, 91-204	Lodz (Poland)	100%	PLN
Palmanova Servizi Energetici Soc.Cons. a r.l.	Via Ubaldo Poli no. 4	Zola Predosa (BO)	60%	Euro
Rekeep Digital S.r.l.	Via Ubaldo Poli no. 4	Zola Predosa (BO)	100%	Euro
Rekeep Facility S.a.s.	Boulevard de Sebastopol no. 52	Paris	100%	Euro
Rekeep France S.a.s.	Boulevard de Sebastopol no. 52	Paris	70%	Euro
Rekeep Mobilites S.a.S.	Rue de Moscou, no. 11bis	Paris	100%	Euro
Rekeep Polska S.A.	ul. Żabiniec n. 46, 31-215	Krakow (Poland)	80%	PLN
Rekeep Rail S.r.l.	Via Ubaldo Poli no. 4	Zola Predosa (BO)	100%	Euro
Rekeep Santè S.a.S.	Rue de Moscou, no. 11bis	Paris	100%	Euro
Rekeep Saudi Arabia Ltd	P.O Box 230888, K.S.A., 28th floor, Kingdom Tower	Riyadh (Saudi Arabia)	100%	SAR
Rekeep Transport S.a.S.	Place Louis Armand-Tour de l'Horloge no. 4	Paris	100%	Euro
Rekeep United Yönetim Hizmetleri A.Ş.	United Plaza Örnektepe Mh. İmrahor Cd. Sivaseli Sk.no. 4	Istanbul	50.98%	TRY
Rekeep World S.r.l.	Via Ubaldo Poli no. 4	Zola Predosa (BO)	100%	Euro
S.AN.CO S.c.a.r.l.	Via Aurelio Saffi no. 51	Bologna	100%	Euro
S.AN.GE S.c.a.r.l.	Viale Sarca n. 336 – Strada Privata Breda – Edificio 12	Milan	89%	Euro
San Gerardo Servizi Soc.Cons. a r.l.	Via Ubaldo Poli no. 4	Zola Predosa (BO)	60%	Euro
Servizi Brindisi Soc.Cons. a r.l.	Via Ubaldo Poli no. 4	Zola Predosa (BO)	52%	Euro
Servizi Ospedalieri S.p.A.	Via Calvino no. 33	Ferrara	100%	Euro
Servizi Sanitari Sicilia Soc.Cons. a r.l.	Via Calvino no. 33	Ferrara	70%	Euro
Servizi Taranto Soc.Cons. a r.l.	Via Ubaldo Poli no. 4	Zola Predosa (BO)	60.08%	Euro
Telepost S.r.l.	Via Ubaldo Poli no. 4	Zola Predosa (BO)	100%	Euro
Treviso GS4 Soc. Cons. a r.l.	Via Ubaldo Poli n. 4	Zola Predosa (BO)	50.1%	Euro
U.Jet S.r.l.	Via San Francescuccio odè Mietitori no. 32	Bastia Umbra (PG)	60%	Euro
U.Jet Romania Private Limited Company	str. Garii no. 10	Sighetu Marmatiei, (Romania)	100%	RON

Name	Registered Office	City	% Held	Currency
Vendi Service sp. z o.o. in liquidation	ul. Traktorowa n.126, 91-204	Lodz (Poland)	100%	PLN
Vendi Servis IP sp. z o.o.	ul. Traktorowa n.126, 91-204	Lodz (Poland)	100%	PLN

JOINT VENTURES ACCOUNTED FOR UNDER THE EQUITY METHOD

Name	Registered Office	City	% Held	Currency
AMG S.r.l.	SS Laghi di Avigliana no. 48/a	frazione Roata Raffo Busca (CN)	50%	Euro
CO. & MA. Soc. Cons. a r.l.	Via del Parco no. 16	Tremestieri Etneo (CT)	50%	Euro
DUC Gestione Sede Unica Soc.cons.r.l.	Via Ubaldo Poli no. 4	Zola Predosa (BO)	49%	Euro
Legnago 2001 Soc.cons.r.l. in liquidation	Via Ubaldo Poli no. 4	Zola Predosa (BO)	50%	Euro
Servizi Sportivi Brindisi Soc.cons.r.l. in liquidation	Via Licio Giorgieri no. 93	Rome	50%	Euro

ASSOCIATES AND OTHER COMPANIES ACCOUNTED FOR UNDER THE EQUITY METHOD

Name	Registered Office	City	% Held	Currency
2High S.r.l.	Via Farini no.6	Bologna	20.09%	Euro
Alisei S.r.l. in liquidation	Via Cesari n. 68/1	Modena	100%	Euro
Bologna Gestione Patrimonio Soc.Cons. r.l. in liquidation	Via della Cooperazione no. 9	Bologna	27.58%	Euro
BGP2 Soc.Cons. r.l.	Via Giovanni Papini no. 18	Bologna	41.17%	Euro
Bologna Global Strade Soc.Cons. r.l.	Via Pila no. 18	Sasso Marconi (BO)	59.65%	Euro
Bologna Più' Soc.Cons.r.l in liquidation	Via M.E. Lepido no. 182/2	Bologna	25.68%	Euro
Centro Europa Ricerche S.r.l.	Via G. Zanardelli no. 34	Rome	21.38%	Euro
Consorzio Imolese Pulizie Soc. Cons. a r.l in liquidation	Via Poiano no. 22	Imola (BO)	60%	Euro
Consorzio Polo Sterilizzazione Integrata a r.l. in liquidation	Via Facciolati no. 84	Padua	60%	Euro
Consorzio Sermagest Soc.Cons. a r.l. in liquidation	Via Filippo Corridoni no. 23	Rome	60%	Euro
Consorzio Servizi Toscana Soc. Cons. a r.l in liquidation	Via Ubaldo Poli no. 4	Zola Predosa (BO)	60%	Euro
Gestione Servizi Taranto Soc.Cons.a r.l.	Via Ubaldo Poli no. 4	Zola Predosa (BO)	47%	Euro

Name	Registered Office	City	% Held	Currency
Gestione Strade Soc.Cons.a r.l.	Strada Manara no. 64/B	Parma	25%	Euro
Global Oltremare Soc.Cons. a r.l. in liquidation	Via Ubaldo Poli no. 4	Zola Predosa (BO)	60%	Euro
Global Provincia Di Rimini Soc.Cons. r.l. in liquidation	Via Ubaldo Poli no. 4	Zola Predosa (BO)	42.40%	Euro
Global Vicenza Soc.Cons. a r.l.	Via Grandi no. 39	Concordia Sulla Secchia (MO)	41.25%	Euro
Gymnasium Soc.Cons. r.l. in liquidation	Via Ubaldo Poli no. 4	Zola Predosa (BO)	68%	Euro
GR.A.AL. Soc. Cons. a. r.l.	Via Guelfa 76	Bologna	29.926%	Euro
Imola Verde e Sostenibile Soc. Cons. a r.l.	Via S. Allende no. 39	Bologna	30%	Euro
Iniziative Produttive Piemontesi S.r.l.	Corso Einaudi no. 18	Turin	24.75%	Euro
Logistica Ospedaliera Soc. Cons. a r.l	Via C. Alberto Dalla Chiesa no. 23/I	Caltanissetta (CL)	45%	Euro
Manutencoop International Services LLC	Qatar Tower, building 35, street 920, zone 63	Doha (Qatar)	49%	QAR
MCF servizi Integrati Soc.Cons. a r.l. in liquidation	Via Ubaldo Poli no. 4	Zola Predosa (BO)	60%	Euro
Newco Duc Bologna S.p.A.	Via M.E. Lepido no. 182/2	Bologna	24.90%	Euro
Rekeep Arabia for Operations and Maintenance Ltd in liquidation	P.O Box 230888, Riyadh, 11321, K.S.A., 28th floor, Kingdom tower.	Riyadh (Saudi Arabia)	100%	SAR
Roma Multiservizi S.p.A.	Via Tiburtina no. 1072	Rome	45.47%	Euro
San Martino 2000 Soc.Cons. a r.l.	Via al Molo Vecchio	Calata Gadda (GE)	40%	Euro
S.E.I. Energia Soc. Cons. a r.l.	Via Emilia no. 65	Palermo (PA)	49%	Euro
Serena S.r.l. in liquidation	Via Ubaldo Poli no. 4	Zola Predosa (BO)	50%	Euro
Servizi Napoli 5 Soc.Cons. a r.l.	Via Ubaldo Poli no. 4	Zola Predosa (BO)	45%	Euro
Simagest 2 Soc. Cons. a r.l in liquidation	Via Ubaldo Poli no. 4	Zola Predosa (BO)	90%	Euro
Simagest 3 Soc. Cons. a r.l in liquidation	Via Ubaldo Poli no. 4	Zola Predosa (BO)	89.99%	Euro
Società Consortile Adanti Manutencoop a r.l.in liquidation	Via Ubaldo Poli no. 4	Zola Predosa (BO)	50%	Euro
Steril Piemonte Soc.Cons. r.l.	Corso Einaudi no. 18	Turin	25%	Euro
Yougenio S.r.l. in liquidation	Via Ubaldo Poli no. 4	Zola Predosa (BO)	100%	Euro

ANNEX II

EQUITY-ACCOUNTED INVESTMENTS

	%	Net assets 31 December 20	Changes for the financial year					Net assets 31 December 21	Book value	Provision for risks
			Financial effects	Dividends	Revaluations Write-downs	Provision for risks	Effects on shareholders' equity			
2HIGH S.r.l.	20.09%	90						90	90	0
Alisei S.r.l. in liquidation	100%	(110)				0		(110)	0	(110)
A.M.G. S.r.l.	50%	2,379		(95)	91			2,373	2,373	
BGP 2 Soc. Cons. a r.l.	41.47%	62			0			62	62	
Bologna Gestione Patrimonio Soc. Cons. a. r.l. in liquidation	27.58%	0			0			0	0	
Bologna Global Strade Soc. Cons. a. r.l.	60%	59			1			60	60	
Bologna Più Soc. Cons. a r.l.	25.68%	5						5	5	
Centro Europa Ricerche S.r.l.	21.38%	66			0			66	66	
Co. & Ma. Soc. Cons. a r.l.	50%	5						5	5	
Como Energia Soc. Cons. a r.l. in liquidation	30%	7	(6)		(1)			0	0	
Consorzio Imolese Pulizie Soc. Cons. a r.l in liquidation	60%	6						6	6	
Consorzio Sermagest in liquidation	60%	0						0	0	
Consorzio Servizi Toscana ar.l.	60%	6						6	6	
DUC Gestioni Soc.Cons. a r.l.	49%	10						10	10	
F.lli Bernard S.r.l.	20%	1,503	(1,685)	(100)	282			0	0	
Gestione Servizi Taranto Soc.Cons.a r.l.	47%	9						9	9	
Gestione Strade Soc.Cons. a r.l.	25%	13						13	13	

	%	Net assets 31 December 20	Changes for the financial year					Net assets 31 December 21	Book value	Provision for risks
			Financial effects	Dividends	Revaluations Write-downs	Provision for risks	Effects on shareholders' equity			
GICO Systems S.r.l.	20%	203	(203)					0	0	
Global Oltremare Soc.Cons. r.l. in liquidation	60%	0	6					6	6	
Global Provincia di Rimini Soc.Cons. a r.l.	42.40%	4						4	4	
Global Riviera Soc.Cons. a r.l. in liquidation	30.66%	9	(9)					0	0	
Global Vicenza Soc.Cons. a r.l.	41.25%	4						4	4	
GR.A.AL. SOC.CONS A R.L.	29.93%	3						3	3	
Gymnasium soc. Cons. a r.l. in liquidation	68%	7						7	7	
Imola Verde e Sostenibile Soc. Cons. a r.l. (IVES)	30%	6						6	6	
IPP S.r.l.	24.75%	382	25		(9)			399	399	
Legnago 2001 Soc. Cons. a r.l.	50%	5						5	5	
Logistica Ospedaliera Soc. Cons. a r.l	45.00%	5						5	5	
Manutencoop International Services LLC	49.00%	(55)					(41)	(96)	0	(96)
MCF Servizi integrati Soc. Cons. a r. l. in liquidation	60.00%	6			0			6	6	
Newco DUC Bologna S.p.A.	24.90%	1,788			41		359	2,189	2,189	
Rekeep Arabia for Operations and Maintenance Ltd in liquidation	100%	0	21		(19)		(2)	(0)	(0)	
Rekeep Austria GmbH in liquidation	100%	0	17		(17)			0	0	0
ROMA Multiservizi S.p.A.	45.47%	1,350		0	1,384		(33)	2,701	2,701	
San Martino 2000 Soc.Cons. a r.l.	40%	4						4	4	
S.E.I. Energia Soc. Cons. a r.l.	49.00%	5						5	5	

	%	Net assets 31 December 20	Changes for the financial year					Net assets 31 December 21	Book value	Provision for risks
			Financial effects	Dividends	Revaluations Write-downs	Provision for risks	Effects on shareholders' equity			
Società Consortile Adanti Manutencoop a r.l. in liquidation	50%	10						10	10	
Serena S.r.l.	50%	9						9	9	
Servizi Napoli 5 Soc. Cons. a r.l.	45%	5						5	5	
Servizi Sportivi Brindisi Soc. Cons. a r.l.	50%	5						5	5	
Simagest 2 Soc.Cons.a r.l. in liquidation	90%	45						45	45	
Simagest 3 Soc.Cons.a r.l. in liquidation	89.99%	45						45	45	
Steril Piemonte Soc. Cons. a r.l.	25%	1,000			(14)			986	986	
Tower Soc.Cons. a r.l. in liquidation	20.17%	20	(20)					0	0	
Yougenio S.r.l. in liquidation	100.00 %	(168)	473		(473)	(0)		(169)	0	(169)
NET BOOK VALUE		**8,807**	**(1,382)**	**(195)**	**1,267**	**(0)**	**283**	**8,778**	**9,153**	**(374)**

ANNEX III

RELATED PARTY TRANSACTIONS

PARENT COMPANIES

		Revenues	Costs	Financial income	Financial charges		Trade receivables	Financial receivables and others	Trade payables	Financial payables and others
MSC S.p.A.	31-Dec-20	175	25,840			31-Dec-20	57	8,915	5,912	17,040
	31-Dec-21	197	29,531	37		31-Dec-21	77	15,159	4,702	14,924

ASSOCIATES AND JOINT-VENTURES

		Revenues	Costs	Financial income	Financial charges		Trade receivables	Financial receivables and others	Trade payables	Financial payables and others
2HIGH S.r.l.	31-Dec-20		116			31-Dec-20			215	
	31-Dec-21		217			31-Dec-21			182	
Alisei s.r.l. in liquidation	31-Dec-20					31-Dec-20	3			1
	31-Dec-21					31-Dec-21	3			1
AMG S.r.l.	31-Dec-20		251			31-Dec-20	1		331	
	31-Dec-21		248			31-Dec-21			210	
Bologna Gestione Patrimonio Soc.Cons. a r.l.	31-Dec-20	(148)	244			31-Dec-20	165		501	
	31-Dec-21	60	242			31-Dec-21	110		520	
Bologna Più Soc.Cons.a r.l. in liquidation	31-Dec-20					31-Dec-20		3	3	2
	31-Dec-21					31-Dec-21		3	3	2
Bologna Global Strade Soc. Cons. a r.l	31-Dec-20	457	767			31-Dec-20	86	383	1	
	31-Dec-21	247				31-Dec-21	148	383	1	
Como Energia Soc.Cons.a r.l. in liquidation	31-Dec-20		7			31-Dec-20			111	
	31-Dec-21		3			31-Dec-21				
Consorzio Imolese Pulizie soc.Cons. in liquidation	31-Dec-20					31-Dec-20		36	12	
	31-Dec-21					31-Dec-21		36	12	
Consorzio	31-Dec-20					31-Dec-20				

		Revenues	Costs	Financial income	Financial charges		Trade receivables	Financial receivables and others	Trade payables	Financial payables and others
Sermagest Soc.Cons.a r.l in liquidation	31-Dec-21					31-Dec-21				
Consorzio Servizi Toscana Soc.Cons.a r.l in liquidation	31-Dec-20					31-Dec-20				
	31-Dec-21					31-Dec-21				
Consorzio Servizi Toscana Soc.Cons.a r.l in liquidation	31-Dec-20					31-Dec-20	282		177	
	31-Dec-21					31-Dec-21	282		177	
CO.& MA. Soc. Cons. a r.l	31-Dec-20	360	1,203			31-Dec-20	60	20	568	
	31-Dec-21	270	1,166			31-Dec-21	90	20	1,163	
DUC Gestione Sede Unica Soc. Cons. a r.l.	31-Dec-20	7,141	3,218			31-Dec-20	3,140		1,037	
	31-Dec-21	7,356	3,444			31-Dec-21	4,303		1,843	
Fr.lli Bernard s.r.l.	31-Dec-20	60	23			31-Dec-20	76	50	32	
	31-Dec-21	24	29			31-Dec-21				
Gestione Servizi Taranto Soc.Cons.a r.l.	31-Dec-20	1,570	1,345			31-Dec-20	1,584	32	847	
	31-Dec-21	4,544	4,220			31-Dec-21	5,684	23	5,019	
Gestione Strade soc.cons.r.l.	31-Dec-20	223	1,278			31-Dec-20	78	63	433	
	31-Dec-21	64	1,187			31-Dec-21	44	63	398	
Gico Systems S.r.l.	31-Dec-20	6	1,717			31-Dec-20	2		984	
	31-Dec-21					31-Dec-21				
Global Oltremare Soc.Cons.a r.l in liquidation	31-Dec-20					31-Dec-20				
	31-Dec-21		7			31-Dec-21			92	
Global Provincia di RN Soc.Cons.a r.l. in liquidation	31-Dec-20					31-Dec-20		70	13	
	31-Dec-21					31-Dec-21		70	13	
Global Riviera Soc.Cons.a r.l.	31-Dec-20		9			31-Dec-20			(14)	
	31-Dec-21		(6)			31-Dec-21			4	
Global Vicenza Soc.Cons. a r.l.	31-Dec-20		3			31-Dec-20		10	16	
	31-Dec-21					31-Dec-21		10	17	
GR.A.AL. Soc. Cons. a. r.l.	31-Dec-20					31-Dec-20				
	31-Dec-21					31-Dec-21				
Gymnasium Soc. cons. a r.l in liquidation	31-Dec-20					31-Dec-20	1	8	33	
	31-Dec-21					31-Dec-21	1	8	33	
Imola Verde e Sostenibile Soc. Cons. a r.l. (IVES)	31-Dec-20	285	274			31-Dec-20	114		102	3
	31-Dec-21	211	203			31-Dec-21	50		45	

	Date	Revenues	Costs	Financial income	Financial charges	Date	Trade receivables	Financial receivables and others	Trade payables	Financial payables and others
IPP S.r.l.	31-Dec-20	15	158			31-Dec-20	27	59	149	
	31-Dec-21		233			31-Dec-21	12	35	148	
Legnago 2001 Soc. Cons. r.l.	31-Dec-20		5			31-Dec-20	158		59	
	31-Dec-21		8			31-Dec-21	158		67	
Logistica Ospedaliera Soc. Cons. a r.l.	31-Dec-20		4			31-Dec-20			19	
	31-Dec-21		8			31-Dec-21			18	
Newco DUC Bologna S.p.A	31-Dec-20					31-Dec-20			51	
	31-Dec-21		15			31-Dec-21			66	
Manutencoop International Services LLC	31-Dec-20					31-Dec-20				
	31-Dec-21					31-Dec-21				
MCF Servizi integarti Soc. cons. a r.l. in liquidation	31-Dec-20					31-Dec-20	689		322	
	31-Dec-21					31-Dec-21	689		322	
Roma Multiservizi S.p.A.	31-Dec-20	716	(569)			31-Dec-20	409		627	
	31-Dec-21	361	63			31-Dec-21	261		93	
San Martino 2000 Soc.Cons. r.l.	31-Dec-20	1,555	2,618			31-Dec-20	1,114		531	
	31-Dec-21	1,414	2,539			31-Dec-21	416		859	
Rekeep Austria G.m.b.H. in liquidation	31-Dec-20					31-Dec-20		8		
	31-Dec-21					31-Dec-21				
Rekeep Arabia for Operations and Maintenance Ltd in liquidation	31-Dec-20					31-Dec-20				
	31-Dec-21		0			31-Dec-21				
Serena S.r.l. - in liquidation	31-Dec-20					31-Dec-20		3		
	31-Dec-21					31-Dec-21		3		
Servizi Napoli 5 Soc.Cons. a r.l.	31-Dec-20	1,357	1,290			31-Dec-20	3,853		2,612	
	31-Dec-21	1,375	1,284			31-Dec-21	4,310		2,896	
S.E.I. Energia Soc. Cons. a r.l.	31-Dec-20	49	3,944	22		31-Dec-20	44	757	2,347	
	31-Dec-21	49	3,553	22		31-Dec-21	103	780	2,799	
S.I.MA.GEST2 Soc. Cons. r.l. in liquidation	31-Dec-20					31-Dec-20		75	13	2
	31-Dec-21					31-Dec-21		75	13	2
S.I.MA.GEST3 Soc. Cons. r.l in liquidation	31-Dec-20		4			31-Dec-20		3	7	
	31-Dec-21					31-Dec-21		3	6	
Società Consortile Adanti in liquidation	31-Dec-20					31-Dec-20			53	
	31-Dec-21					31-Dec-21			53	

		Revenues	Costs	Financial income	Financial charges		Trade receivables	Financial receivables and others	Trade payables	Financial payables and others
Steril Piemonte Soc. cons. a.r.l	31-Dec-20		394			31-Dec-20	7		189	
	31-Dec-21					31-Dec-21	7		104	
Tower Soc.Cons. a r.l. in liquidation	31-Dec-20					31-Dec-20	33	29		
	31-Dec-21					31-Dec-21				
Yougenio S.r.l. in liquidation	31-Dec-20	684	192	114		31-Dec-20	705		232	29
	31-Dec-21	45	3	88		31-Dec-21	42		4	43

SUBSIDIARIES OF MSC S.P.A.

		Revenues	Costs	Financial income	Financial charges		Trade receivables	Financial receivables and others	Trade payables	Financial payables and others
Cerpac S.r.l. in liquidation	31-Dec-20					31-Dec-20	1			
	31-Dec-21					31-Dec-21	1			
Nugareto Società Agricola Vinicola S.r.l.	31-Dec-20				703	31-Dec-20		6		
	31-Dec-21	1	38		725	31-Dec-21		6	16	
Sacoa S.r.l.	31-Dec-20	41	24			31-Dec-20	12		2	
	31-Dec-21	41	6			31-Dec-21	12		1	
Sacoa Servizi Telematici S.r.l.	31-Dec-20					31-Dec-20				
	31-Dec-21		24			31-Dec-21			25	
Segesta servizi per l'Ambiente S.r.l.	31-Dec-20	5				31-Dec-20	6			
	31-Dec-21	5				31-Dec-21	2			

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

		Revenues	Costs	Financial income	Financial charges		Trade receivables	Financial receivables and others	Trade payables	Financial payables and others
Consorzio Karabak Società Cooperativa	31-Dec-20	72				31-Dec-20	19			
	31-Dec-21	73				31-Dec-21	19			
Consorzio Karabak 2 Società Cooperativa	31-Dec-20	4				31-Dec-20	1			
	31-Dec-21	5				31-Dec-21	1			
Consorzio Karabak 4 Società Cooperativa	31-Dec-20		1			31-Dec-20			1	
	31-Dec-21		1			31-Dec-21			1	

		Revenues	Costs	Financial income	Financial charges		Trade receivables	Financial receivables and others	Trade payables	Financial payables and others
Consorzio Karabak 5 Società Cooperativa	31-Dec-20					31-Dec-20				
	31-Dec-21					31-Dec-21				
Consorzio Karabak 6 Società Cooperativa	31-Dec-20					31-Dec-20				
	31-Dec-21					31-Dec-21				

		Revenues	Costs	Financial income	Financial charges		Trade receivables	Financial receivables and others	Trade payables	Financial payables and others
TOTAL	**31-Dec-20**	**14,627**	**45,545**	**136**	**703**	**31-Dec-20**	**12,727**	**10,530**	**18,528**	**17,077**
	31-Dec-21	**16,342**	**48,265**	**147**	**725**	**31-Dec-21**	**16,825**	**16,677**	**21,925**	**14,972**

ANNEX IV

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

	For the year ended 31 December			
		2021		2020
Cash and cash equivalents at the beginning of the year		**90,464**		**97,143**
Cash flow from current operations:		**29,301**		**50,748**
Profit before tax	(3,242)		10,986	
Profit (loss) from discontinued operations	16		2,569	
Capital gains from disposal of discontinued operations	(16)		(13,589)	
Other unrealized write-downs on discontinued operations	0		405	
Amortization, depreciation, write-downs and (write-backs) of assets	41,477		40,666	
Accrual (reversal) of provisions for risks and charges	5,471		8,236	
Employee termination indemnity provision	739		585	
Share of net profit of associates, net of dividends collected	388		7,555	
Financial charges (income) for the year	68,202		47,130	
Net interests received (paid) in the year	(53,625)		(37,786)	
Income taxes paid in the year	(13,401)		(16,036)	
Reclassifications:				
Non-cash net financial charges accounted for under the Statement of Profit or Loss	*(16,724)*		*(9,587)*	
Cash flow from current operations of discontinued operations	*16*		*9,615*	
Uses of provisions for risks and charges and payments of the Employee Termination Indemnity (TFR):		**(4,539)**		**(6,380)**
Payments of employee termination indemnity	(2,002)		(1,695)	

	For the year ended 31 December			
	2021		2020	
Use of provisions for risks and charges	(2,537)		(4,685)	
CHANGE IN NWOC:		**(11,595)**		**(16,892)**
Decrease (increase) in inventories	3,041		(5,629)	
Decrease (increase) in trade receivables	(14,964)		(24,522)	
Increase (decrease) in trade payables	329		13,259	
INDUSTRIAL AND FINANCIAL CAPEX:		**(36,447)**		**16,288**
(Purchase of intangible assets, net of sales)	(4,110)		(5,264)	
(Purchase of property, plant and equipment)	(30,813)		(28,921)	
Proceeds from sale of property, plant and equipment	1,080		629	
(Acquisition of investments)	2,633		(386)	
Decrease (increase) of financial assets	(6,336)		(4,360)	
Financial effects of business combinations	(3,764)		(6,173)	
Discontinuing operations	0		53,935	
Reclassifications:				
Change in current financial assets	*5,909*		*3,241*	
Financial effects of business combinations	*(1,046)*		*6,054*	
Financial effects of discontinued operations	*0*		*8,147*	
Cash flow from current operations of discontinued operations	*0*		*(10,615)*	
CHANGE IN NET FINANCIAL LIABILITIES:		**55,370**		**39,980**
Change in finance lease debt	565		573	
New (repayment of) operating lease debt	(8,098)		(8,125)	
Non-current borrowings	370,000		3,670	
Repayment of non-current borrowings	(334,203)		(24,963)	
Net opening (repayment) of short-term bank credit lines	(2,734)		3,504	
Other net changes in borrowings	12,674		(16,451)	
Reclassifications:				
Non-cash net financial charges accounted for under the Statement of Profit or Loss	*16,724*		*9,587*	
Net change in current financial assets	*(5,909)*		*(3,241)*	
Non-cash elements on acquisitions of rights of use	*4,443*		*4,953*	

	For the year ended 31 December			
		2021		**2020**
Financial effects of business combinations	*1,046*		*(6,054)*	
Financial effects of discontinued operations	*16*		*(1,770)*	
Dividend distribution authorized in the previous year	*878*		*(13,000)*	
Non-monetary effects on equity investments	*0*		*12,338*	
Distribution of reserves and other changes in Equity	*0*		*0*	
OTHER CHANGES:		**(23,043)**		**(11,463)**
Decrease (increase) in other current assets	1,699		5,943	
Increase (decrease) in other current liabilities	(15,681)		4,293	
Dividend distribution authorized in previous years	(293)		(13,000)	
Acquisition/sale of minority interests in subsidiaries	(1,968)		324	
Differences from translation of financial statements in foreign currency	(1,479)		646	
Reclassifications:				
Non-cash elements on acquisitions of rights of use	*(4,443)*		*(4,953)*	
Financial effects of discontinued operations	*0*		*(5,377)*	
Dividend distribution authorized in the previous year	*0*		*13,000*	
Non-monetary effects on equity investments	*0*		*(12,338)*	
Distribution of reserves and other changes in Equity	*(878)*		*0*	
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR		**99,512**		**90,464**

Rekeep S.p.A.

Consolidated financial statements as of December 31, 2021

Independent auditor's report pursuant to article 14 of
Legislative Decree n. 39, dated 27 January 2010
(Translation from the original Italian text)

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Independent auditor's report pursuant to article 14 of Legislative Decree n. 39, dated 27 January 2010
(Translation from the original Italian text)

To the Sole Shareholder of
Rekeep S.p.A.

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of Rekeep Group (the "Group"), which comprise the consolidated statement of financial position as of December 31, 2021, and the consolidated statement of profit or loss, the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the financial position of the Group as of December 31, 2021, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISA Italia). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report.
We are independent of the Rekeep S.p.A. in accordance with the regulations and standards on ethics and independence applicable to audits of financial statements under Italian Laws. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter

We draw attention to Note *"15. Provisions for Risks and Charges"* and to Note *"19. Trade Payables, Contract Liabilities and Other Current Liabilities"* of the consolidated financial statements, which describes management evaluation regarding the sanction imposed on Rekeep S.p.A. by the *Autorità Garante della Concorrenza e del Mercato* (Antitrust Authority) on May 9, 2019 and the related effects on the consolidated financial statements. Our opinion is not modified in respect of this matter.

Responsibilities of Directors and Those Charged with Governance for the Consolidated Financial Statements

The Directors are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the European Union, and, within the terms provided by the law, for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

EY S.p.A.
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Capitale Sociale Euro 2.525.000,00 i.v.
Iscritta alla S.O. del Registro delle Imprese presso la CCIAA di Milano Monza Brianza Lodi
Codice fiscale e numero di iscrizione 00434000584 - numero R.E.A. di Milano 606158 - P.IVA 00891231003
Iscritta al Registro Revisori Legali al n. 70945 Pubblicato sulla G.U. Suppl. 13 - IV Serie Speciale del 17/2/1998
Iscritta all'Albo Speciale delle società di revisione
Consob al progressivo n. 2 delibera n.10831 del 16/7/1997

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The Directors are responsible for assessing the Group's ability to continue as a going concern and, when preparing the consolidated financial statements, for the appropriateness of the going concern assumption, and for appropriate disclosure thereof. The Directors prepare the consolidated financial statements on a going concern basis unless they either intend to liquidate the Parent Company Rekeep S.p.A. or to cease operations, or have no realistic alternative but to do so.

The statutory audit committee ("Collegio Sindacale") is responsible, within the terms provided by the law, for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with International Standards on Auditing (ISA Italia) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with International Standards on Auditing (ISA Italia), we have exercised professional judgment and maintained professional skepticism throughout the audit. In addition:

- we have identified and assessed the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, designed and performed audit procedures responsive to those risks, and obtained audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- we have obtained an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control;
- we have evaluated the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors;
- we have concluded on the appropriateness of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to consider this matter in forming our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern;
- we have evaluated the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation;
- we have obtained sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We have communicated with those charged with governance, identified at an appropriate level as required by ISA Italia, regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Report on compliance with other legal and regulatory requirements

Opinion pursuant to article 14, paragraph 2, subparagraph e), of Legislative Decree n. 39 dated 27 January 2010

The Directors of Rekeep S.p.A. are responsible for the preparation of the Report on Operations* of Rekeep Group as of December 31, 2021, including its consistency with the related consolidated financial statements and its compliance with the applicable laws and regulations.

We have performed the procedures required under audit standard SA Italia n. 720B, in order to express an opinion on the consistency of the Report on Operations, with the consolidated financial statements of Rekeep Group as of December 31, 2021 and on its compliance with the applicable laws and regulations, and in order to assess whether it contains material misstatements.

In our opinion, the Report on Operations is consistent with the consolidated financial statements of Rekeep Group as of December 31, 2021 and comply with the applicable laws and regulations.

With reference to the statement required by art. 14, paragraph 2, subparagraph e), of Legislative Decree n. 39, dated 27 January 2010, based on our knowledge and understanding of the entity and its environment obtained through our audit, we have no matters to report.

Bologna, April 6, 2022

EY S.p.A.
Signed by: Alberto Rosa, Auditor

This report has been translated into the English language solely for the convenience of international readers.

* The Report on Operations is not included in the Offering Memorandum

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Rekeep S.p.A.

OFFERING MEMORANDUM
February 13, 2025

€360,000,000 9.00% Senior Secured Notes due 2029

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Joint Bookrunners

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