# ANNUAL REPORT

## at 31 december '23

rekeep

minds that work

# INDEX

# GENERAL INFORMATION

## REGISTERED OFFICE

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

## BOARD OF DIRECTORS

Appointed by the Shareholders' Meeting
of 14 March 2024

**CHAIRMAN**
Claudio Levorato

**CHIEF EXECUTIVE OFFICER**
Giuliano Di Bernardo

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

## BOARD OF STATUTORY AUDITORS

Appointed by the Shareholders' Meeting
of 28 April 2023

**CHAIRMAN**
Germano Camellini

**STANDING AUDITORS**
Marco Benni
Giacomo Ramenghi

**ALTERNATE AUDITORS**
Michele Colliva
Antonella Musiani

## INDEPENDENT AUDITORS

EY S.p.A.

# Report on operation at 31 december

# '23

rekeep

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# PREAMBLE

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

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

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

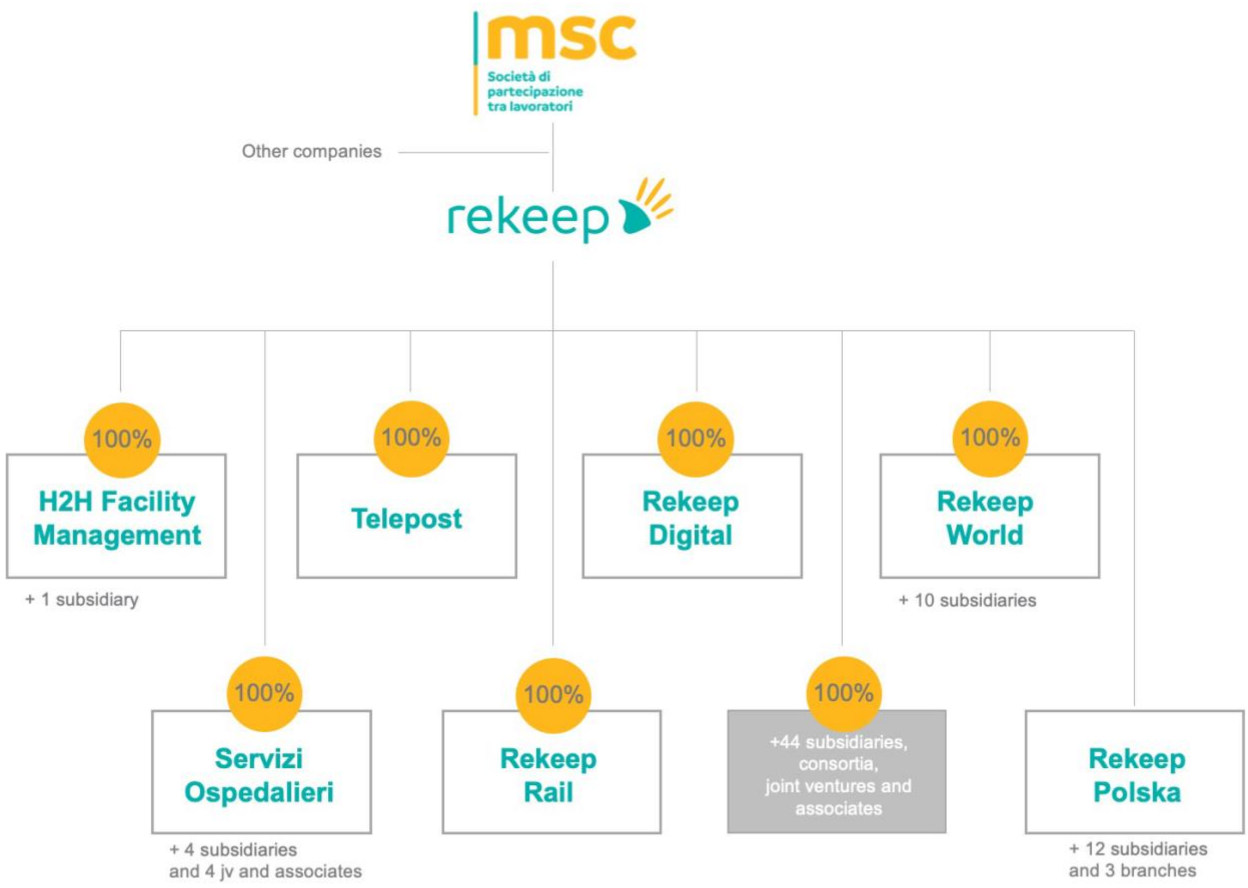
## Shareholding structure

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

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

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

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


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

# MACROECONOMIC AND MARKET SCENARIO

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

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

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

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

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

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

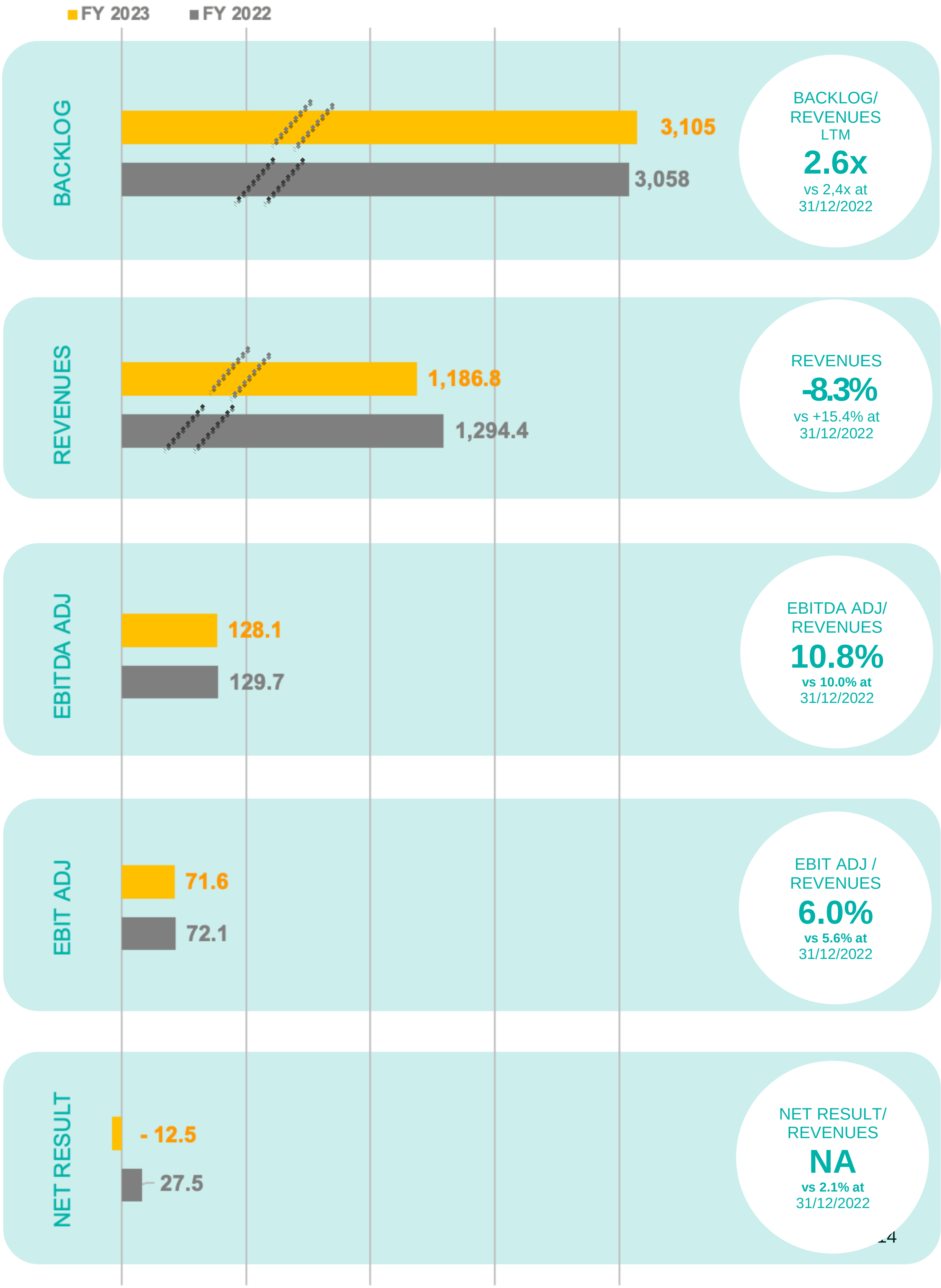
In December, forecasts were published by the Bank of Italy for the Italian economy for the four-year period from 2023 to 2026. The forecast scenario assumes that the uncertainty in the international political environment will not lead to significant new tensions in commodity and financial markets; accordingly, it is assumed that international trade will return to expansion at rates close to 3% over the next three years and that energy commodity prices will gradually decline. In contrast, the macroeconomic scenario is still affected by the tightening of monetary and credit conditions.

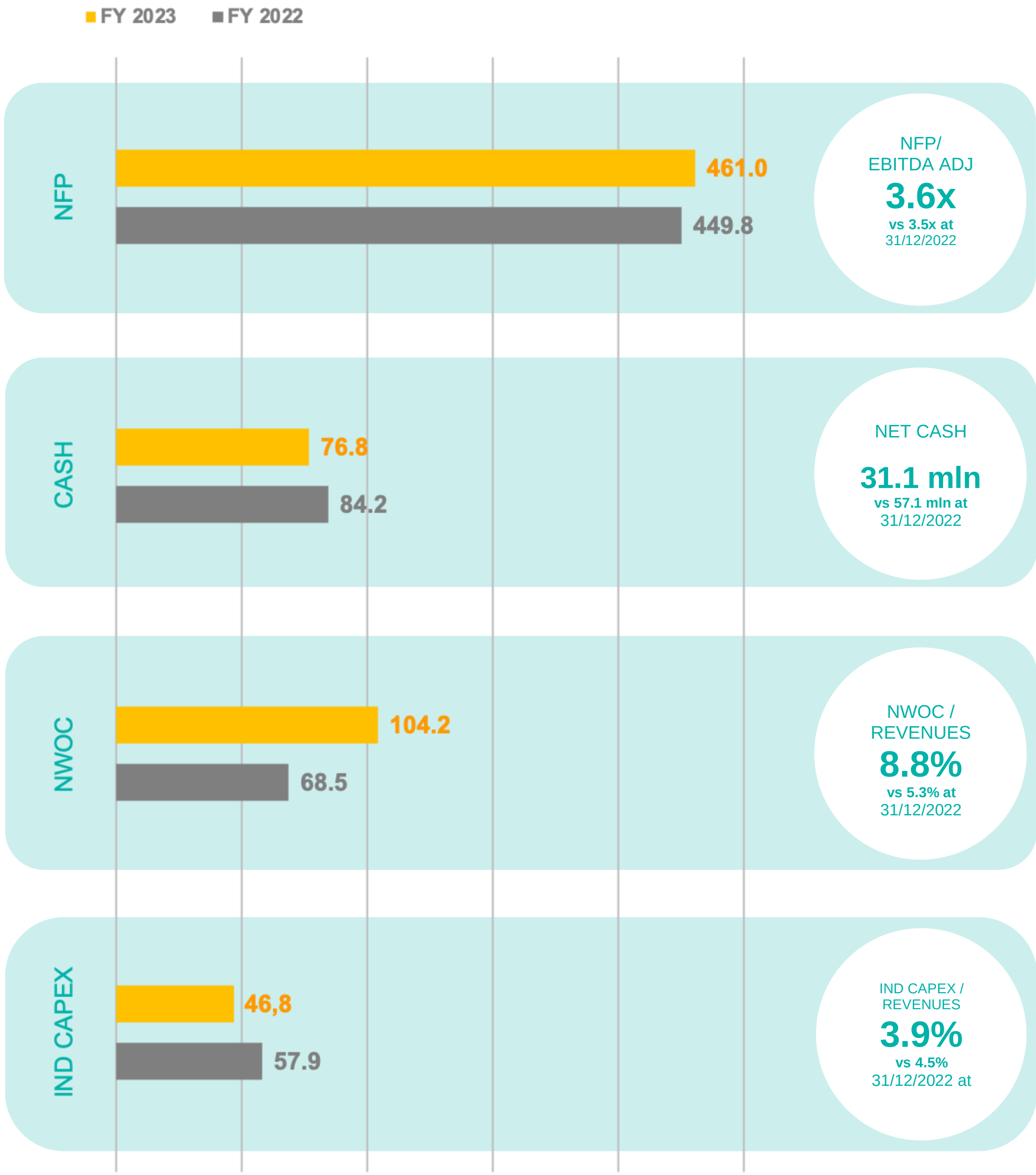
# ALTERNATIVE PERFORMANCE INDICATORS (NON-GAAP FINANCIAL MEASURES)

The Rekeep Group's management monitors and assesses the consolidated business performance, results of operations and cash flows by using various alternative performance indicators that are not defined under the international accounting standards IAS/IFRS (*"API"* or *"Non-GAAP measures*"), as stated below. The Group's management considers that these financial ratios, which are not explicitly described in the accounting standards adopted to prepare the Financial Statements, provide information which helps to understand and assess its overall performance in terms of financial position, results of operations and cash flows. These are widely used in the sector in which the Group operates and are determined in accordance with the provisions of the Guidelines issued by ESMA (European Securities and Markets Authority) on alternative performance indicators (ESMA/2015/1415), adopted by CONSOB by Communication no. 92543 of 3 December 2015. However, they might not be directly comparable with those utilized by other companies, nor are they intended to replace the economic and financial performance ratios prepared in the application of the international accounting standards IAS/IFRS.

| | **Definition** |
|---|---|
| **Backlog** | The Backlog is the amount of contract fees not yet accrued and connected with the residual term of orders, which are held by the Group in the backlog. |
| **Financial Capex** | Financial capex is the net expenditure on the acquisition of equity investments on business combinations and on grants of long-term loans. |
| **Industrial Capex** | Industrial CAPEX are defined as the purchase of (i) Property, plant and equipment, (ii) Property, plant and equipment under lease (excluding lease and long-term hire agreements) and (iii) other intangible assets. |
| **NWC** | Consolidated Net Working Capital (NWC) is defined as the consolidated NWOC which is added the amount of other operating assets and liabilities (other current assets, other current liabilities, current tax receivables and payables, current provisions for risks and charges). |
| **NWOC** | Consolidated Net Working Operating Capital (NWOC) is composed of "trade receivables and advance to supplier" and "inventories", net of "trade payables and contract liabilities". |
| **DPO** | DPO (Days Payables Outstanding) is a weighted average of days for payment of consolidated trade payables calculated as the ratio of trade payables, net of VAT on the amounts already received from the supplier, and costs over the last 12 months related to external production factors (included the capex) multiplied by the days of the reference period. |
| **DSO** | DSO (Days Sales Outstanding) is a weighted average of days for collection of consolidated trade receivables calculated as the ratio of trade receivables, net of VAT on the amounts already billed to customers, and revenues over the last 12 months multiplied by the days of the reference period. |

| | |
|---|---|
| **EBIT** | EBIT represents the Profit (Loss) before taxes gross of: i) Financial charges; ii) Financial income; iii) Dividend and income (loss) from sale of investments; iv) Share of net profit of associates; v) Profit (loss) on exchange rate. The Statement of Profit or Loss shows EBIT as "Operating Income”. |
| **EBITDA** | EBITDA represents the Operating Income before allocations to the accrual of provisions for risks and amortization/depreciation, write-downs and write-backs of assets. EBITDA is a measure used by the Group’s management to monitor and assess its operating performance. |
| **Adjusted EBITDA and EBIT** | Adjusted EBITDA and Adjusted EBIT do not include non-recurring elements recorded in the consolidated Statement of Profit/Loss for the year, as described in the paragraph on “Non-recurring events and transactions” of this document. |
| **LTM (Last Twelve Months)** | LTM values relate to the economic values or financial flows identified in the last 12 months, or in the last 4 financial reporting years. |
| **Net Cash** | Net Cash is defined as the balance of “Cash and cash equivalents” net of: i) Bank overdrafts, advance payments and hot money; ii) Obligations arising from assignments of trade receivables with recourse. |
| **Gross Debt** | Gross Debt is defined as the sum of debts for principal referring to: i) Senior Secured Notes (face value); ii) Bank debts (face value); iii) Current bank overdraft, advance payments and hot money; iv) Obligations arising from assignments of trade receivables with recourse; v) Financial lease obligations; vi) Reverse factoring debt. |
| **Net Debt** | Net Debt is defined as the Gross Debt, net of the balance of “Cash and cash equivalents” and “Receivables and other current financial assets”. |
| **Financial indebtedness** | Financial indebtedness consists of the balance of Long-term debt, Derivatives, Bank borrowings (including current portion of long-term debt) and other financial liabilities, in addition to the financial component of trade payables and other non-current payables, net of the amount of “Receivables and other current financial assets” and of “Cash and Cash equivalents”. It complies with the provisions of CONSOB Communication no. DEM/6064293 of 28 July 2006, amended as contained in Warning Notice no. 5/21 of 29 April 2021. |
| **Financial indebtedness and Adjusted NWOC** | Adjusted NWOC and Adjusted financial Indebtedness include the balance of the trade receivables assigned in the framework of the previous years’ assignment without recourse programs and not yet collected by the factoring companies. |


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


FY 2023
FY 2022
NFP
461.0
449.8
NFP/
EBITDA ADJ
3.6x
vs 3.5x at
31/12/2022
CASH
76.8
84.2
NET CASH
31.1 mln
vs 57.1 mln at
31/12/2022
NWOC
104.2
68.5
NWOC /
REVENUES
8.8%
vs 5.3% at
31/12/2022
IND CAPEX
46,8
57.9
IND CAPEX /
REVENUES
3.9%
vs 4.5%
31/12/2022 at

# REPORT ON OPERATIONS

## 2023 SIGNIFICANT EVENTS

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

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

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

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

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

### *Acquisition of the “Major Customers” business unit*

On 22 December 2022 the Parent Company Rekeep S.p.A. signed the deed of acquisition from Sacoa S.r.l., part of the same group led by the parent company MSC Società di Partecipazione tra Lavoratori S.p.A., of a “Major Customers” business unit concerning a unitarily organized set of legal relationships, assets, persons and activities for the provision of payroll processing services delivered to Rekeep and its subsidiaries.

The transfer of the business unit became effective from 1 January 2023 and took place at the price of € 0.8 million agreed between the parties, in line with the business unit’s economic value that emerges from the expert’s report prepared on the relevant prospective accounting position at 31 December 2022, in addition to an adjustment calculated on the final book value of the business unit as at the date of transfer. Within this transaction, Rekeep proceeded with the insourcing of Rekeep’s payroll processing and calculation of Rekeep itself and other Group companies previously outsourced to Sacoa, thus also achieving savings.

### *Filing of a request for international arbitration on the part of subsidiary Rekeep Saudi CO Ltd*

On 10 April 2023, our subsidiary Rekeep Saudi CO Ltd, based in Saudi Arabia, received from its customer OPS LLC a formal notice of termination (Notice of Termination) due to a serious breach of the contract concerning the operation and maintenance services for four lines of the Riyadh Metro. On 12 April 2023, Rekeep Saudi CO Ltd rejected the notice since it claimed that the alleged serious breach underlying the Notice of Termination was unfounded; on 10 May 2023, it challenged the Notice of Termination by filing its request for arbitration before the International Chamber of Commerce (ICC) in Paris in order to seek a decision declaring the illegality of the challenged act and ordering OPS LLC to compensate for any and all damages. The request for arbitration was served on the counterparty on 30 May 2023. On 1 August 2023, OPS filed its counterarguments by submitting its own claim for damages and asked the ICC to authorize it to sue the Parent Company Rekeep S.p.A. in the proceedings. In October 2023, the constitution of the arbitration panel was finalized with the appointment by ICC of the Chairperson, which gave impetus to a series of procedural activities preparatory to the pre-trial investigation. On 31 January 2024, Rekeep Saudi filed a memorandum on the status of the case with the Arbitration Court. The opposing party will have until 1 May 1, 2024 to file its defense brief.

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

The Management believes that the subsidiary has fulfilled its obligations under the contract and intends to defend its position. The Metro Riyadh contract was not included in the consolidated backlog as at 31 December 2013.

### *Confirming line of credit granted to Rekeep S.p.A.*

On 20 April 2023 SACE Fct S.p.A., the SACE group factoring company, which is the lead manager of the transaction, and Banca Sistema S.p.A. made available a Confirming line of credit to the Parent Company Rekeep S.p.A., for a total nominal value of € 60 million intended for the payment of its supply chain of suppliers and subcontractors. The line of credit is backed by a SupportItalia Guarantee provided by SACE S.p.A., which is the extraordinary measure put in place to support liquidity of the Italian enterprises and limit the adverse economic effects arising from the Russia's military aggression against Ukraine, as envisaged in Decree Law no. 50 of 17 May 2022 ("Aid Decree", as converted by Law no. 91 of 15 July 2022), as supplemented. Within the transaction, Rekeep S.p.A. appointed SACE Fct S.p.A. and Banca Sistema S.p.A. to manage the payment of amounts claimed by its own suppliers and subcontractors throughout the country.

### *Acquisition of quotas of DUC Gestione Sede Unica Società Consortile a r.l. and shares of Newco DUC S.p.A.*

On 30 January 2023 the Court of Bologna published the notice of competitive sale of the entire package consisting of the quotas held by Cogei Sviluppo Immobiliare S.r.l. in liquidation, representing 22% of the quota capital of DUC Gestione Sede Unica Società Consortile a r.l. and the shares representing 17.50% of the share capital of Newco DUC S.p.A.: they are respectively the consortium company and project company under the concession agreement that was entered into by, among others, the Parent Company Rekeep S.p.A. in 2004 for the design, construction and operation of the real estate complex comprising the "Unified Services Headquarters of the Municipality of Bologna."

Rekeep S.p.A. participated in the auction jointly with C-Holding S.r.l., which was also a former quotaholder of Newco DUC S.p.A., being awarded the joint sale on 6 July 2023. On 1 August 2023 the Parent Company Rekeep S.p.A. and C-Holding proceeded with dissolving the joint ownership arrangement by a notarial deed.

At the end of the transaction Rekeep S.p.A. acquired 22% of the quotas of DUC Gestione S.c. a r.l., thus increasing its percentage from 49% to 71% and gaining control over the company, as well as 11.79% of the shares of Newco DUC, thus increasing its percentage from 33.02% to 44.81%, without acquisition of control pursuant to IFRS 10, at a price of € 0.9 million and € 0.1 million, respectively, already paid out to the Court. It should be noted that on 25 January 2023 Rekeep S.p.A. had already increased its stake in Newco DUC from 24.90% to 33.02% after having acquired shares from CCC Società Cooperativa.

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

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

### *Business development*

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

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

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

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

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

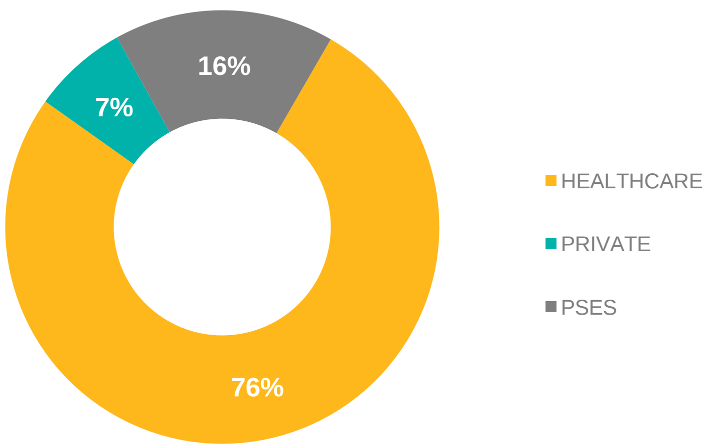
Finally, in the Private market a contract was renewed for plant maintenance at a major network customer, in addition to noting renewals of portfolio contracts due to expire, mainly for hygiene services at shopping centers and retail customers and for hygiene and catering services in Poland.

The **Backlog** i.e. the amount of contractual revenues related to the residual duration of the job orders in the portfolio at that date, is expressed below in millions of Euro:

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

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

## BACKLOG BY MARKET



## 1. SUMMARY OF RESULTS OF THE FOURTH QUARTER OF 2023

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

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

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

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

Finally, the Private market showed a decline in volumes in absolute value of €10.7 million from € 64.7 million in the fourth quarter of 2022 to € 54.0 million in the fourth quarter of 2023, which was mainly reported in the Facility Management sector: in addition to the already known price trends, market revenues were affected by the contraction of supply to customers that had already been acquired in previous years

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

Adjusted EBITDA for the fourth quarter of 2023 stood at € 32.2 million, showing a decrease of € 14.8 million compared to the same quarter of the previous year (when it was equal to € 46.9 million). The trend for the quarter takes on a different mix in the two benchmark SBUs. The Facility Management SBU, in fact, recorded a decline in terms of Adjusted EBITDA, equal to € 17.0 million: in addition to the different price trends in the two comparative periods, unlike the fourth quarter of 2022, the fourth quarter of 2023 does not benefit from the recognition of the tax credit granted under Decree Law no. 21 of 2022 (Conversion Law no. 51 of 20 May 2022) as supplemented, as partial compensation for higher costs incurred for electricity and natural gas (€ 22.7 million by sector in the fourth quarter of 2022). On the other hand, the Laundering&Sterilization SBU showed an increase of € 2.2 million compared to the fourth quarter of 2022, in line with the performance achieved on revenues; the Laundering&Sterilization sector does not benefit from the recognition of the tax credit granted under Decree Law no. 21 of 2022 (Conversion Law no. 51 of 20 May 2022) as supplemented, as partial compensation for higher costs incurred for electricity and natural gas, which instead was € 0.3 million in the fourth quarter of 2022. The average profit margins (Adjusted EBITDA/Revenues) stood at 10.2% for the quarter ended 31 December 2023 against 13.5% for the same period of the previous year.

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

Finally, the Consolidated net result showed a loss of € 12.9 million in the fourth quarter of 2023 against a profit of € 7.8 million for the quarter ended 31 December 2022. In addition to the performance in terms of consolidated adjusted EBIT described above, higher net financial charges were recognized for € 3.9 million in the fourth quarter of 2023. Financial costs on the Senior Secured Notes amounted to € 6.9 million in both quarters under comparison while amortization charges relating to the upfront fees incurred for the issue of the Senior Secured Notes amounted to € 0.4 million in both quarters under comparison. Financial charges of € 0.3 million on the use of the Revolving Credit Facility were also recognized in the fourth quarter of 2023 (€ 0.4 million in the fourth quarter of 2022), as were additional costs of € 0.2 million on the same facility, in line with the value posted in the period under comparison. Furthermore, in the quarter higher interest discount costs were recognized for € 1.4 million compared to the same period of the previous year, in addition to higher financial charges on leases for € 0.9 million and on contingent liabilities for the acquisition of minority interests (+€ 2.4 million). Finally, financial costs for the fourth quarter included interest of € 0.8 million on the credit facility guaranteed by SACE S.p.A., which was entered into during the period.

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

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

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

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

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

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

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

## 2.1. Consolidated results of operations for FY 2023

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

| *(in thousands of Euro)* | For the year ended 31 December | | For the quarter ended 31 December | |
|---|---|---|---|---|
| | 2023 | 2022 | 2023 | 2022 |
| Revenues | 1,186,769 | 1,294,376 | 316,572 | 347,953 |
| Costs of production | (1,068,039) | (1,168,016) | (287,871) | (302,265) |
| **EBITDA** | **118,730** | **126,360** | **28,701** | **45,688** |
| **EBITDA %** | **10.0%** | **9.8%** | **9.1%** | **13.1%** |
| Amortization, depreciation, write-downs and write-backs of assets | (47,721) | (41,912) | (16,955) | (12,319) |
| Accrual of provisions for risks and charges | (14,964) | (13,505) | (3,716) | (14,790) |
| **Operating Income (EBIT)** | **56,045** | **70,943** | **8,030** | **18,579** |
| **EBIT %** | **4.7%** | **5.5%** | **2.5%** | **5.3%** |
| Share of net profit of associates | (24) | 703 | (126) | 13 |
| Net financial charges | (55,444) | (40,397) | (17,740) | (13,789) |
| **Profit before taxes (EBT)** | **577** | **31,249** | **(9,836)** | **4,803** |
| **EBT %** | **N.A.** | **2.4%** | **N.A.** | **1.4%** |
| Income taxes | (13,108) | (3,750) | (3,110) | 2,973 |
| **Profit (loss) from continuing operations** | **(12,531)** | **27,499** | **(12,946)** | **7,776** |
| Profit (loss) from discontinued operations | 0 | 0 | 0 | 0 |

| *(in thousands of Euro)* | For the year ended 31 December | | For the quarter ended 31 December | |
|---|---|---|---|---|
| | 2023 | 2022 | 2023 | 2022 |
| **CONSOLIDATED NET PROFIT (LOSS)** | **(12,531)** | **27,499** | **(12,946)** | **7,776** |
| **CONSOLIDATED NET PROFIT (LOSS) %** | **N.A.** | **2.1%** | **N.A.** | **2.2%** |
| Minority interests | (690) | (368) | 55 | (59) |
| **NET RESULT ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT** | **(13,221)** | **27,131** | **(12,891)** | **7,717** |
| **NET RESULT ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT %** | **N.A.** | **2.1%** | **N.A.** | **2.2%** |

## NON-RECURRING EVENTS AND TRANSACTIONS

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

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

| *(in thousands of Euro)* | For the year ended 31 December | |
|---|---|---|
| | 2023 | 2022 |
| Costs from reorganization of company units | 2,981 | 2,559 |
| M&A and non-recurring transactions of Group companies | 2,961 | 109 |
| Legal advice fees and other charges for international arbitration | 3,389 | 0 |
| Legal advice fees concerning pending administrative disputes | 0 | 517 |
| Non-recurring tax charges | 0 | 132 |
| **NON-RECURRING EXPENSES (INCOME) IMPACTING ON EBITDA** | **9,331** | **3,316** |
| Provisions for legal advice fees and other charges for international arbitration | 6,187 | 0 |
| Net non-recurring provisions for risks on contracts | 0 | (3,157) |
| Provisions for retroactive application of rules | 0 | 940 |
| Other provisions for non-recurring charges | 0 | 54 |
| **NON-RECURRING CHARGES (INCOME) IMPACTING ON EBITDA AND EBIT** | **15,518** | **1,153** |

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

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

Consolidated Adjusted EBITDA and EBIT are thus represented as follows:

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

## REVENUES

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

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

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

## REVENUES BY SEGMENT

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

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

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

### *Analysis of revenues by Segment*

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

## REVENUES BY SEGMENT

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

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

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

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

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

## EBITDA

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

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

## EBITDA BY SEGMENT

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

The Facility Management sector showed EBITDA of € 89.3 million at 31 December 2023, showing a decrease of € 10.9 million against € 100.2 million in the same period of the previous year. The negative change was contributed to by the International Markets for € 6.0 million, including € 9.7 million relating to the losses recorded by Rekeep Saudi Co Ltd (including non-recurring charges of € 3.4 million), mainly as a result of the exit from the contract to perform operation and maintenance services for four lines of the Riyadh metro system. After excluding the non-recurring items that affected the consolidated results during the two comparative periods, which had an impact on the sector equal to € 8.9 million and € 2.9 million, respectively, Adjusted EBITDA by segment came to € 98.2 million at 31 December 2023 compared to € 103.1 million at 31 December 2022 (- € 4.9 million). The change in segment EBITDA recorded in the year was still affected by the consequences of the ongoing conflict in Eastern Europe and the resulting price trends, particularly those of energy, which affected revenues as previously described, and simultaneously reduced cost pressures. Furthermore, EBITDA for the period benefited, less than in the same period of the previous year, from the recognition of the tax credit granted under Decree Law no. 21 of 2022 (Conversion Law no. 51 of 20

May 2022), as supplemented, as partial compensation for higher costs incurred for electricity and natural gas until the first half of 2023, equal to € 16.6 million at 31 December 2023 in the sector (€ 27.1 million in energy and natural gas tax credits granted in the previous year).

EBITDA in the Laundering&Sterilization business segment stood at € 29.5 million in 2023, showing an increase compared to the previous year (+ € 3.3 million). After excluding non-recurring elements which affected the consolidated results and impacted on this segment for € 0.4 million in both comparative periods, Adjusted EBITDA by segment came to € 29.9 million at 31 December 2023 against € 26.6 million at 31 December 2022. The result in terms of EBITDA in the Laundering&Sterilization business segment benefitted from the positive trend already analyzed on revenues, as well as from the lower incidence of the cost of energy used to operate the laundering and sterilization facilities. Furthermore, this segment benefited from the recognition of the tax credit for electricity and natural gas, equal to € 1.1 million at 31 December 2023, to cover a percentage of the costs incurred until the first half-year of 2023 (€ 0.6 million in the same period of the previous year).

### *Costs of production*

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

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

*Costs of raw materials and consumables* in 2023 amounted to € 253.8 million, showing a decrease of € 98.8 million (- 28.0%), compared to the value posted in 2022, which led to a lower impact on total Costs of Production (23.8% at 31 December 2023 against 30.2% at 31 December 2022). The change in the item was mainly due to a decrease in the cost for fuel consumption and other energy resources following a decline in the price of raw materials compared to the same period of the previous year when inflationary pressure was most pronounced. In both comparative periods the impact of the costs of energy raw materials was partially offset by the recognition of the tax credit granted under Decree Law no. 21 of 2022 (Conversion Law no. 51 of 20 May 2022), as supplemented, as partial compensation for the higher costs incurred for the purchase of electricity and natural gas, which amounted for the Group to € 17.7 million at 31 December 2023 and € 27.7 million at 31 December 2022.

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

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

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

The average number of employees in service during 2023 was equal to 25,723 while it was 26,748 in the same period of the previous year (of which 23,877 against 24,939 manual workers). Perfectly symmetrical to what was said for costs for services, the trend in the number of Group employees, and in particular manual workers, was closely related to the mix of services in progress, as is the impact of related costs on total operating costs.

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

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

## Operating Income (EBIT)

In 2023, Consolidated Operating Income (**EBIT**) came to € 56.1 million (equal to 4.7% of Revenues) against € 70.9 million (equal to 5.5% of Revenues) during the same period of 2022.

EBIT for the period was affected by the above-mentioned consolidated performance in terms of EBITDA (- € 7.6 million compared to the previous year), from which must be deducted higher *amortization and depreciation* of € 1.7 million (€ 41.3 million at 31 December 2023, against € 39.6 million in the same period of the previous year), higher *write-downs* of trade receivables (net of releases) and other assets for € 4.1 million, and *accruals to provisions for risks and charges* (net of reversals) for € 1.5 million, including non-recurring accruals for € 6.2 million at 31 December 2023 and the net non-recurring release for € 2.2 million at 31 December 2022.

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

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

## EBIT BY SEGMENT

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

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

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

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

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

## Profit (loss) before tax from continuing operations

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

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

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

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

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

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

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

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

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

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

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

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

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

## Consolidated net Result

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

Below is the breakdown of consolidated tax rate:

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

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

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

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

The statement of Sources and Uses is reported below:

| *(in thousands of Euro)* | 31 December 2023 | 31 December 2022 |
|---|---|---|
| **USES** | | |
| Trade receivables and advances to suppliers | 513,771 | 537,227 |
| Inventories | 13,373 | 12,088 |
| Trade payables and contract liabilities | (422,958) | (480,808) |
| **Net working operating capital** | **104,186** | **68,507** |
| Other working capital elements | (156,674) | (120,289) |
| **Net working capital** | **(52,488)** | **(51,782)** |
| Property, plant and equipment | 117,543 | 93,249 |
| Right-of-use assets | 44,555 | 54,625 |
| Goodwill and other intangible assets | 424,431 | 423,223 |

| *(in thousands of Euro)* | **31 December 2023** | **31 December 2022** |
|---|---|---|
| Investments accounted for under the equity method | 11,758 | 10,121 |
| Other items of non-current assets | 34,004 | 51,270 |
| **Fixed assets** | **632,291** | **632,488** |
| Non-current liabilities | (56,815) | (57,972) |
| **NET INVESTED CAPITAL** | **522,988** | **522,734** |
| **SOURCES** | | |
| Equity attributable to non-controlling interests | 6,515 | 6,096 |
| Equity attributable to equity holders of the Parent | 55,486 | 66,862 |
| **Shareholders' equity** | **62,001** | **72,958** |
| Financial indebtedness | 460,987 | 449,776 |
| *of which fair value of call options on subsidiaries' non-controlling interests* | *19,545* | *16,046* |
| **FINANCING SOURCES** | **522,988** | **522,734** |

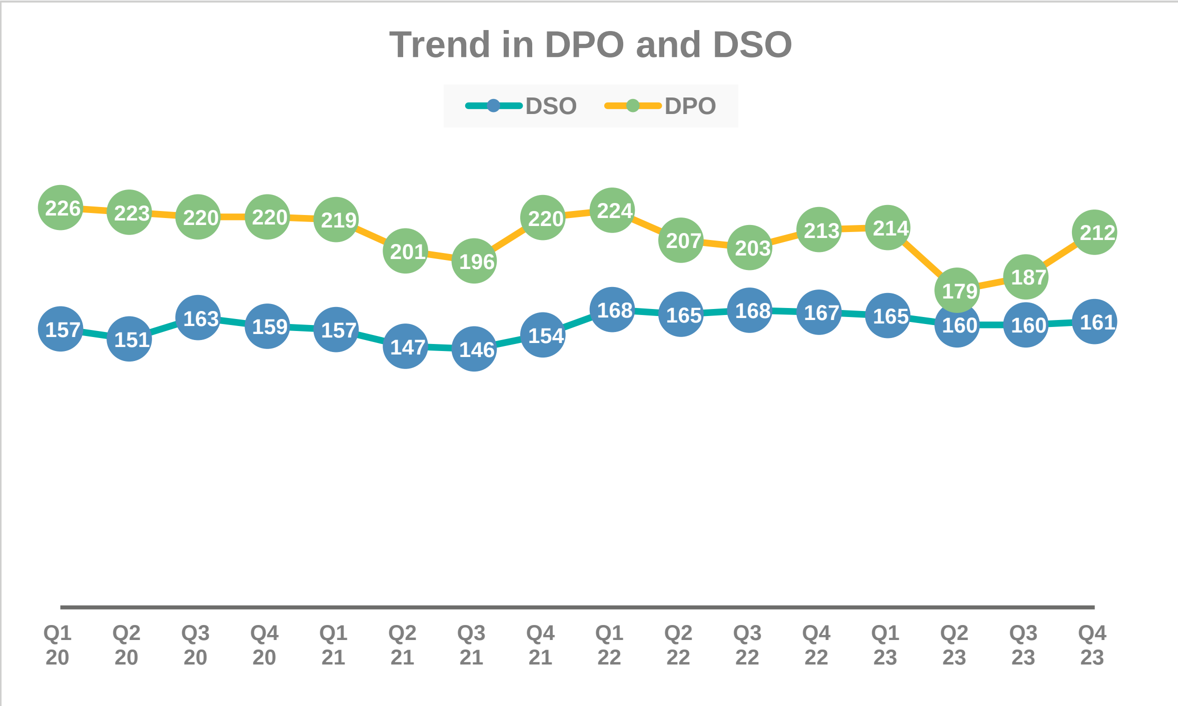
## Net working capital

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

At 31 December 2023 consolidated Net Working Operating Capital (**NWOC**), composed of trade receivables and advances to suppliers and inventories, net of trade payables and contract liabilities, was equal to € 104.2 million against € 68.5 million at 31 December 2022. Considering the balance of receivables assigned by the Group without recourse and not yet collected by the factoring agencies (equal to € 62.8 million at 31 December 2023 and € 101.5 million at 31 December 2022) **Adjusted NWOC** stood at € 167.0 million and € 170.0 million, respectively.

The change in this latter indicator (- € 3.0 million) was linked to a decrease in the balance of trade payables (+ € 57.9 million), as well as a decrease in trade receivables (- € 62.1 million, considering the balance of receivables assigned by the Group without recourse and not yet collected by the factoring companies), and a change in the balance in inventories (+ € 1.3 million). At 31 December 2023, Adjusted NWOC continued to be affected by the effects arising from the growth in prices recorded in previous periods, including higher volumes recorded on both trade payables and receivables and higher pressure from the suppliers of energy materials.

As at 31 December 2023, average DSO was 161 days against 167 days at 31 December 2022 while average DPO stood at 212 days, showing a decrease compared to the value posted at 31 December 2022 (213 days). After excluding the benefit of energy and gas tax credits for the period, average DPO would be 198 days and 192 days at 31 December 2023 and 31 December 2022, respectively. The trend in both DSO and DPO was also linked to events that involve the energy sector and the consequent actions implemented by the management, such as the reduction of the invoicing period and the use of available lines of credit.




The balance of the other elements in working capital at 31 December 2023 was a net liability of € 156.7 million, up by € 36.4 million compared to a net liability of € 120.3 million at 31 December 2022:

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

The change in the net liability of other working capital elements, compared to 31 December 2022 was due to a combination of factors, mainly including:

- a decrease in the net VAT credit balances of the Group companies that are predominantly subject to a VAT invoicing system based on “Split payment” and “Reverse charge” (- € 0.6 million). These credit balances allowed, during 2023, the performance of assignments without recourse of the balances on account of refund required from the Tax Authorities, for a total amount of € 33.9 million;
- a reduction in the balance of tax credits, which had not yet been used at the end of the period, claimed from the Tax Authorities, which includes, among others, the tax credit granted under Decree Law no. 21 of 2022 (Conversion Law no. 51 of 20 May 2022), as supplemented, as partial compensation for higher costs incurred for the purchase of electricity and natural gas, which amounted to € 0.8 million for the Group at 31 December 2023 (€ 24.2 million at 31 December 2022);
- the partial repayment of guarantee deposits on new annual electricity and gas utility contracts for € 3.8 million compared to the guarantee deposits outstanding at 31 December 2022;
- a decrease in the balance of net current tax receivables, equal to € 6.4 million at 31 December 2023 against a net receivable of € 8.7 million at 31 December 2022.

Furthermore, “Other current liabilities” include the residual balance of € 55.2 million (€ 66.6 million at 31 December 2023) of the liability recorded by the parent Company Rekeep S.p.A. following the service of the Competition Authority’s updated order concerning the Consip FM4 tender and the subsequent entry of the requested amount in the taxpayers’ list on the part of the Revenue Agency, subject to a payment plan of no. 72 monthly installments sent on 22 December 2020 (initially equal to € 82.2 million).

## Other non-current liabilities

“Other non-current liabilities” include liabilities relating to:

- defined-contribution plans for employee benefits, mainly including the Employee Termination Indemnity (TFR), equal to € 10.4 million and € 10.0 million at 31 December 2023 and 31 December 2022, respectively;
- the long-term portion of Provisions for risks and charges (€ 31.7 million at 31 December 2023 against € 30.2 million at 31 December 2022);
- deferred tax liabilities of € 14.6 million (€ 15.8 million at 31 December 2022);
- other non-current liabilities of € 0.1 million at 31 December 2023, showing a decrease compared to the balance at 31 December 2022 of (€ 2.0 million), mainly as a result of the short-term reclassification in the debt balance for incentives for top managers of a subsidiary company.

## Consolidated financial indebtedness

The breakdown of financial indebtedness at 31 December 2023 is reported below, as determined on the basis of the instructions laid down in CONSOB Communication no. DEM/6064293 of 28 July 2006, as amended by the Guidelines issued by ESMA ("European Securities and Markets Authority") on disclosure requirements (ESMA32-382-1138 of 4 March 2021) and implemented by CONSOB itself in Warning Notice no. 5/21 of 29 April 2021 - "*Compliance with ESMA Guidelines on disclosure requirements under the Prospectus Regulation.*"

The breakdown at 31 December 2023 is compared with the figures at 31 December 2022.

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

| *(in thousands of Euro)* | **31 December 2023** | **31 December 2022** |
|---|---:|---:|
| A. Cash | 166 | 162 |
| B. Cash equivalents (c/a, bank deposits and consortia, non-proprietary accounts ) | 76,646 | 84,081 |
| C. Other current financial assets | 15,545 | 7,017 |
| **D. Liquidity (A) + (B) + (C)** | **92,357** | **91,260** |
| E. Current financial liabilities | 102,544 | 106,275 |
| F. Current portion of non-current debt | 52,583 | 26,153 |
| **G. Current financial indebtedness (E)+(F)** | **155,126** | **132,428** |
| **H. Current net financial indebtedness (G) - (D)** | **62,769** | **41,168** |
| I. Non-current financial liabilities | 32,039 | 44,067 |
| J. Debt instruments | 366,179 | 364,541 |
| K. Trade payables and other non-current payables | 0 | 0 |
| **L. Non-current financial indebtedness (I) + (J) + (K)** | **398,218** | **408,608** |
| **M. NET FINANCIAL INDEBTEDNESS (H) + (L)** | **460,987** | **449,776** |

Work continued in 2023 on the assignments of trade receivables without recourse to factoring companies, including BFF Bank S.p.A., with which the Parent Company Rekeep S.p.A. and other subsidiaries have in place a factoring agreement concerning the assignment, without recourse and on a revolving basis, of receivables claimed by the same companies from Entities in the National Health System and Public Authorities, for an amount of up to € 300 million, and which was renewed for the last time on 14 January 2022 and amended on 31 January 2024 to extend its term until 25 January 2028. Furthermore, additional relationships are maintained with factoring companies for converting specifically-agreed credit positions into cash, which are claimed from both Entities in the National Health System and Public Authorities and private individuals. Assignments of trade receivables without recourse that were carried out by the Group during 2023 totaled € 332.5 million, in addition to assignments of VAT credits requested for refund for a total of € 33.9 million. The entire loan portfolio sold under non-recourse contracts was derecognized in accordance with the provisions of IFRS9.

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

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

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

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

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

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

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

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

Finally, in 2023 the balance of lease liabilities showed a decrease of € 7.3 million compared to 31 December 2022. In particular, in December 2023, the lease agreement of Rekeep S.p.A, relating to the company's head office building, in which it took over from its parent company MSC S.p.A. in 2022, came to its natural expiration: the company exercised the envisaged final redemption option, incurring an outlay of € 10.0 million, resulting in the acquisition of full ownership of the property.

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

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

The overall cash flows mainly reflect:

- a flow generated from current operations for € 53.7 million (a cash inflow of € 80.8 million at 31 December 2022);
- outflows from the use of provisions for future risks and charges and of the provision for Employee Termination Indemnity (TFR) for € 9.5 million (€ 5.0 million at 31 December 2022);
- a cash flow used for changes in NWOC for € 41.5 million (€ 21,6 million at 31 December 2022), which emerged from an inflow correlated to a decrease in trade receivables for € 19.4 million (- € 96.7 million in 2022), an increase in inventories for € 1.3 million (an inflow of € 0.7 million at 31 December 2022) and a decrease in trade payables for € 59.7 million (an inflow of € 74.4 million at 31 December 2022);
- a cash absorption of € 44.5 million used in industrial investments (€ 49.8 million in 2022), net of disposals for € 2.3 million (€ 1.2 million in the same period of the previous year);
- a cash flow generated from financial investments and disinvestments of € 13.7 million in 2023, mainly linked to the amounts pledged as collateral for gas supply contracts (cash collateral), of which an amount of € 4.5 million repaid during the period and € 12.4 million reclassified among short-term financial receivables (repaid in the early months of 2024), partially offset by cash flows absorption for the acquisition of the "Major Customers" business unit (€ 0.8 thousand), the shares and quotas in Newco Duc SpA and Duc Gestione Sede Unica Scarl (€ 1.8 million) and in Ster-med (€ 1.4 million), and by the effects of deconsolidation of some consortia companies put into liquidation; the figures at 31 December 2022 showed instead the use of cash flows for the net effect of financial investments and disinvestments of € 33.5 million at 31 December 2022, mainly absorbed by the acquisition of the "Personnel Activities" business unit, which took place on 1 July 2022 for € 13.8 million and the acquisition of the residual minority interest in a subsidiary for € 1.0 million, as well as by the amounts pledged as collateral for gas supply contracts (cash collateral) for € 16.9 million;
- an increase in net financial liabilities of € 3.8 million, mainly due to (i) net changes relating to the use of short-term credit lines for hot money and advances on invoices (+ € 12.3 million), for reverse factoring (- € 17.2 million), and for assignments with recourse of trade receivables (+ € 6.4 million); (ii) lower liability recognized against factoring firms for amounts received on receivables that had been previously assigned without recourse and returned to them in the subsequent quarter (- € 17.1 million); (iii) the change in the balance of accrued interest (+ € 0.6 million); (iv) the increase in the balance for loans following the execution of the confirming credit line agreement with SACE Fct for Euro 36.0 million; (v) a decrease in financial liabilities recognized on lease agreements (- Euro 7.3 million); (vi) the effects of the fair value adjustment of the contingent liability for put options on minority interests (+ € 3.5 million). In the same period of the previous year there had been an increase in net financial liabilities of € 53.9 million, mainly due to (i) changes relating to the use of short-term credit lines for hot money and advances on invoices (+ € 9.2 million) and for reverse factoring (+ € 23.9 million), partially offset by a decrease in payables for assignments with recourse of trade receivables (- € 11.5 million); (ii) higher liability recognized against factoring firms for amounts received on receivables that had been previously assigned without recourse and returned to them in the subsequent quarter (+ € 13.9 million); (iii) an increase in financial liabilities recognized on lease agreements (+ € 4.8 million); (iv) the full repayment of the loan granted to the parent company MSC (+ € 10.0 million); (v) the collection of the final tranche of

the receivable claimed by Servizi Ospedalieri related to the sale of a minority interest that took place in previous years (+ € 1.1 million); (vi) the effects of the fair value adjustment of the contingent liability for put options on minority interests (+ € 0.7 million);

- an inflow arising from other changes recorded in the period for € 16.9 million, mainly due to the net effect of: (i) the cash flow generated by the performance of net VAT credit balance for the Group companies, which decreased by € 0.6 million during the period, albeit against non-recourse assignments totaling € 33.9 million; (ii) the changes in debt balances for payments due to the members of the Temporary Business Grouping for (+ € 5.3 million); (iii) an increase in payables for personnel for € 3.2 million; (iv) a decrease, among “Other operating current liabilities”, in the payable related to the fine imposed by the Competition Authority in relation to the Consip FM4 Tender (- € 11.4 million); (v) the use of tax credits, specifically the tax credit on electricity and gas consumption (+ € 23.4 million); (vi) the partial repayment of receivables for guarantee deposits paid on new annual electricity and gas utility contracts (+ Euro 3.8 million). ). Other changes in 2022 absorbed total flows of € 40.1 million, mainly due to the net effect of: (i) the cash flow absorbed by the trend in net VAT credit balance for the Group companies, which increased by € 3.3 million during 2022, albeit against non-recourse assignments totaling € 35.5 million; (ii) the changes in debt balances for payments due to the members of the Temporary Business Grouping for (+ € 5.1 million); (iii) an increase in payables for personnel for € 1.4 million; (iv) a decrease, among “Other operating current liabilities”, in the payable related to the fine imposed by the Competition Authority in relation to the Consip FM4 Tender (- € 5.6 million); (v) an increase in tax credits following the recognition of the tax credit on electricity and gas consumption (- € 22.2 million) and receivables for guarantee deposits paid on new annual electricity and gas utility contracts (- € 7.4 million).

## Industrial and financial Capex

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

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

Acquisitions of company-owned plant and equipment related to investments of € 14.0 million (€ 4.7 million at 31 December 2022) in the “centralized kitchens” (Cook&Chill) project to support the catering services provided by the Polish sub-group. The



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

project also involved the acquisition of a plot of land for the implementation of an additional phase of the project for € 1.7 million. In 2023, Servizi Ospedalieri S.p.A. also acquired linen for the linen rental and industrial laundering business, which requires periodic and frequent repairs, for € 13.6 million (€ 12.4 million at 31 December 2022) and surgical instruments for € 1.8 million (€ 0.2 million at 31 December 2022).

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

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

Investments in intangible assets amounted to € 5.4 million in the period (€ 4.6 million at 31 December 2022) and mainly related to ICT investments on the part of the Parent Company for the upgrading and enhancement of its SAP infrastructure and other similar investments.

Below is the breakdown of capital expenditures in terms of SBU:

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

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

## Change in net financial liabilities

The table below shows the changes that were recorded in the period in the items making up consolidated financial liabilities:

| *(in thousands of Euro)* | 31 December 2022 | Business combinations | New loans | Repayments/ Payments | Buy-back/ Early termination | Other changes | 31 December 2023 |
|---|---|---|---|---|---|---|---|
| Senior Secured Notes | 364,541 | | | | | 1,638 | 366,179 |
| Revolving Credit Facility (RCF) | 0 | | 125,000 | (125,000) | | | 0 |
| Bank loans | 838 | 398 | 60,186 | (24,271) | | | 37,152 |
| Current bank overdraft, advance payments and hot money | 15,293 | | 27,549 | (15,293) | | | 27,549 |
| Accrued expenses and deferred income on loans | 10,631 | | | (26,825) | | 27,822 | 11,628 |
| **BANK DEBTS** | **391,303** | **398** | **212,735** | **(191,389)** | **0** | **29,460** | **442,508** |
| Lease obligations | 48,956 | | 14,026 | (13,048) | (619) | (7,619) | 41,697 |
| Payables for assignments of trade receivables with recourse | 11,806 | | 61,947 | (55,569) | | | 18,183 |
| Payables for reverse factoring | 33,813 | | 16,633 | (33,813) | | | 16,633 |
| Receipts on behalf of assignees of trade receivables without recourse | 28,480 | | 11,387 | (28,480) | | | 11,387 |
| Fair value put option | 16,046 | | | | | 3,499 | 19,545 |
| Other liabilities | 10,632 | | 1,194 | (8,435) | | | 3,391 |
| **FINANCIAL LIABILITIES** | **541,036** | **398** | **317,923** | **(330,733)** | **(619)** | **25,339** | **553,344** |
| Current financial assets | (7,017) | | (13,564) | 5,036 | | | (15,545) |
| **NET FINANCIAL LIABILITIES** | **534,019** | **398** | **304,358** | **(325,698)** | **(619)** | **25,339** | **537,799** |

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

At the same time as the issue of Notes the Company also signed a new revolving loan agreement for a maximum amount of € 75 million. The facility was partially used during the period to meet temporary cash requirements, and was promptly repaid (at 31 December 2023 the RCF facility had not been drawn down); the uses for the period entailed the charging of financial interest costs of € 1.4 million during 2023 (€ 0.9 million at 31 December 2022).

The Super Senior Revolving loan agreement provides for compliance with a financial covenant, which is preliminary to the possible use of the line granted. This financial covenant is in line with the market practice for similar financing transactions and is observed on a quarterly basis on the basis of the consolidated data relating to the last 12 months, as resulting from the financial position, results of operations and cash flows approved during the quarter prior to the date of the application for use of the credit facility. On the reporting date of these financial statements the financial covenants had been complied with.

At 31 December 2023 Bank loans increased due to the execution by the Parent Company Rekeep S.p.A of the confirming credit line made available by SACE Fct S.p.A. and Banca Sistema with counter-guarantee of SACE S.p.A. for an initial nominal amount of € 60 million, which may be repaid in 18 months as from 30 September 2023. The loan, impacting for € 2.4 million on financial charges for the year, showed a residual debt of € 36.0 million at the end of the period. The available credit line, which may be used to pay debts to its suppliers and subcontractors, had been used in full at 31 December 2023.

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

Furthermore, as at the end of the period, short-term uncommitted credit lines had been used for hot money and advance payments on invoices in order to meet peaks in temporary cash requirements linked to the physiological performance of operations of € 27.6 million, against a balance of € 15.3 million at 31 December 2022. Furthermore, Rekeep S.p.A. and Servizi Ospedalieri S.p.A. used credit facilities for the assignment of trade receivables with recourse in place with Banca Sistema concerning receivables from customers in the Public sector market. During 2023 assignments were made in an overall nominal amount of € 61.9 million while the facilities had been used for €18.2 million at the end of the period (€ 11.8 million at 31 December 2022). The Parent Company also entered into reverse factoring lines in order to ensure a greater amount of overdraft facilities on some major suppliers, against which a liability was stated for € 16.6 million at 31 December 2023 (€ 33.8 million at 31 December 2022).

The Group recorded receipts of € 11.4 million at 31 December 2023 concerning receivables included in assignments without recourse for which the respective debtors had not made any payment to the bank accounts specified by the factor. These amounts constitute a financial liability for the Group since it acts as an agent to manage receipts on behalf of the factor, and therefore proceeded with the payment of said amounts at the beginning of the subsequent quarter.

The financial liabilities relating to the present value of future lease payments to be made on leasing, property and operating leases amounted to € 41.7 million at 31 December 2023 (against € 49.0 million at 31 December 2022). During the period new agreements were entered into and rentals were revalued for a present value of € 14.0 million upon recognition, while contracts were early terminated for a remaining value of € 0.6 million. In December 2023, the property lease agreement with MPS Leasing & Factoring held by the Parent Company Rekeep, concerning the company's head office building, came to its natural expiration: the company exercised the redemption option envisaged for the transfer of ownership of the property, for a value of € 10.0 million.

Finally, contingent liabilities were recognized under financial liabilities for the acquisition of investments for a total amount of € 19.5 million (€ 16.0 million at 31 December 2022), relating to the put option granted to the seller on the 20% minority interest under the Investment Agreement which led to the acquisition of Rekeep Polska and the group it controls, in addition to the put option granted in favor of the minority shareholder of Rekeep France on the remaining 30% of the share capital, both of which had been already recognized at 31 December 2022.

Finally, "Other financial liabilities" included loans taken out by the Group companies with non-banking counterparties. The balance, equal to € 3.4 million at 31 December 2023, decreased during the year, mainly due to the full redemption of the residual debt for the acquisition of the acquisition of the "Personnel activities" business unit in 2022 and the "Major Customers business unit in 2023, as well as the partial repayment of the payable to the parent company MSC S.p.A. for the acquisition of the property lease contract with MPS Leasing & Factoring S.p.A. concerning the registered office of the Parent Company Rekeep (a residual value of € 1.6 million at 31 December 2023).

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

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

## 2.3. Financial ratios

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

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

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

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

ROI *(*Return on Investments) provides a summary measurement of the operating return on capital invested in a business. The performance reflects a Group's gross Invested Capital almost unchanged compared to the previous year (+ € 0.3 million) against a decrease in the consolidated Normalized EBIT for the year (€ 65.6 million and € 70.9 million in 2023 and 2022, respectively).

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

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

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

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

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

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

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

### *Productivity ratios*

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

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

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

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

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

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

### 3.1 Economic results in 2023

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

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

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

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

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

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

The Company's EBITDA for 2023 amounted to € 78.7 million against € 83.7 million in 2022 and included non-recurring items for € 2.9 million and € 2.7 million, respectively. After excluding these non-recurring elements from the relevant values, Adjusted EBITDA came to € 81.6 million at 31 December 2023 (equal to 12.7% of related Revenues), against Adjusted EBITDA of € 86.5 million at 31 December 2022 (equal to 10.9% of related Revenues), showing that relative margins remained stable, which was supported by the recognition of the tax credit granted under Decree Law no. 21 of 2022 (Conversion Law no. 51 of 20 May 2022), as supplemented, as partial compensation for higher costs incurred for electricity and natural gas until the half-year of 2023, equal to € 11.6 million at 31 December 2023 (€ 24.2 million in energy and natural gas tax credits recognized in the previous year).

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

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

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

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

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

11.3 million at 31 December 2022, of which an amount of € 4.9 million relating to amortization of intangible assets (€ 4.7 million at 31 December 2022) and € 6.0 million relating to depreciation of property, plant and equipment (€ 6.6 million at 31 December 2022); (ii) *net write-downs of trade receivables* amounted to € 2.7 million (€ 1.7 million at 31 December 2022) and included some specific write-downs concerning pending disputes; (iii) *write-downs of equity investments*, equal to € 7.2 million at 31 December 2023, mainly related for € 6.8 million to the subsidiary Telepost S.r.l., in order to adjust the value of the investment recorded in the financial statements at the company's projected levels of operations, and for € 0.4 million to the subsidiary Roma Multiservizi S.p.A. which was put into liquidation with effect from 18 January 2024 (a net release of € 0.2 million in the previous year); (iv) provisions for future risks and charges (net of reversals) of € 3.9 million compared to € 6.0 million at 31 December 2022, when there was the recognition of a net release of the provision for risks and charges set aside in previous years for non-recurring additional costs that are expected to be incurred on some energy contracts, as restated following the issue of a clarification in terms of regulations (an income of € 3.2 million).

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

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

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

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

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

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

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

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

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

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

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

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

## 3.2 Statement of financial position

The table below reports the Sources and Uses:

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

### Net working capital

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

Net working operating capital (**NWOC**), composed of Trade receivables and advances to suppliers and inventories, net of trade payables and contract liabilities, stood at € 35.0 million at 31 December 2023, while it was equal to € 13,9 million at 31 December 2022. The balance of Trade Receivables and advances to suppliers decreased by € 47.0 million, while Trade payables and contract liabilities showed a decrease of € 68.3 million. The Company made assignments of trade receivables without recourse to Factors for € 228.5 million in the year, while the balance of receivables assigned and not yet collected by the latter at the reporting date amounted to € 43.9 million (€ 77.0 million at 31 December 2022). The **Adjusted NWOC** came to € 78.9 million and € 90.9 million, respectively, during the two years under comparison.

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

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

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

- a reduction in the residual debt for the Competition Authority's fine following the payment of the installments scheduled in the installment payment plan, equal to € 55.2 million at 31 December 2023 (€ 66.6 million at 31 December 2022);
- the recognition of higher net income tax receivables of € 1.1 million compared to the previous year;
- a decrease in the short-term portion of provisions for risks and charges of € 4.5 million;
- a reduction in the remaining balance of tax credits, not yet used at the end of the period, claimed from the Tax Authorities, which includes, among others, the tax credit granted under Decree Law no. 21 of 2022 (Conversion Law no. 51 of 20 May 2022), as supplemented, as partial compensation for higher costs incurred for the purchase of electricity and natural gas, amounting to € 0.2 million at 31 December 2023 (€ 20.4 million at 31 December 2022);
- the partial repayment of guarantee deposits on new annual electricity and gas utility contracts for € 2.8 million (from € 6.1 million at 31 December 2022 to € 3.2 million at 31 December 2023).

## Fixed assets

Fixed assets include the following main items:

| *(in thousands of Euro)* | **31 December 2023** | **31 December 2022** | **Change** |
|---|---|---|---|
| Property, plant and equipment | 22,053 | 8,123 | 13,930 |
| Right-of-use assets | 15,523 | 30,033 | (14,510) |
| Goodwill | 326,421 | 326,421 | 0 |
| Other intangible assets | 15,697 | 15,712 | (15) |

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

The most substantial changes concerned:

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

## Other non-current liabilities

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

- TFR (employee benefits), equal to € 3.2 million and € 3.6 million at 31 December 2023 and 31 December 2022, respectively;
- long-term portion of provisions for future risks and charges equal to € 26.0 million at 31 December 2023 and € 25.1 million at 31 December 2022;
- deferred tax liabilities of € 11.3 million (unchanged compared to the balance at 31 December 2022).

## Financial indebtedness

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

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

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

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

In 2023 the short-term debt of Rekeep S.p.A. decreased due to a lower use of credit lines for bank overdraft, advance payments and hot money, assignment of trade receivables with recourse and reverse factoring, as well as to the higher liability recognized against factoring firms for amounts received on receivables that had been previously assigned without recourse and returned to them in the subsequent quarter, totaling € 34.4 million (€ 77.3 million at 31 December 2022).

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

On the other hand, at 31 December 2023, the short-term bank loans included the residual debt of the confirming credit line, equal to € 36.0 million, made available by SACE Fct S.p.A. and Banca Sistema with counter-guarantee of SACE S.p.A. for an initial nominal amount of € 60 million, which may be repaid in 18 months as from 30 September 2023, signed by Rekeep S.p.A. on 20 April 2023. The available credit line may be used to pay debts to its suppliers and subcontractors: the line had been used in full at 31 December 2023.

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

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

## Industrial Capex

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

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

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

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

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

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

# 4. INTERNAL CONTROL SYSTEM AND RISK FACTORS

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

## Risk factors

### *Risks related to competition*

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

### *Compliance risks*

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

### *Cyber risks*

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

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

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

### *Financial risks*

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

## Internal control system

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

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

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

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

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

### *Internal Audit & Antitrust Compliance Office control activities*

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

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

### *Supervisory Board’s activities under Legislative Decree 231/2001*

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

The Supervisory Board at 31 December 2023 was composed of:

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

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

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

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

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

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

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

## 5. ORGANIZATIONAL MODEL PURSUANT TO LEGISLATIVE DECREE 231/2001

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

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

Rekeep S.p.A. encourages and promotes the adoption of Organizational, Management and Control Models on the part of the Group Companies, since they provide for policies and measures that are aimed at: i) ensuring that activities are carried out in compliance with the law; ii) identifying and removing risk situations; iii) imposing sanctions for any instance of non-compliance with the provisions laid down in the document.

## 6. ANTITRUST CODE OF CONDUCT

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

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

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

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

## 7. CODE OF ETHICS

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

## 8. WHISTLEBLOWING

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

## 9. UPDATE SUI LEGAL PROCEEDINGS

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

### *Antitrust Authority's order for sanctions on the "FM4 Tender" of 2019*

The dispute concerning the fine imposed in relation to the FM4 Tender still continued in 2023.

The Lazio Regional Administrative Court's judgment of 27 July 2020 partially granted the appeal submitted by the Company: albeit confirming the Competition Authority's order as regards the merits: the Court granted the request for the redetermination of the fine setting the relevant parameters, according to which the Competition Authority therefore again set the new fine at € 79.8 million. The Company challenged both the Regional Administrative Court's judgment before the Council of State and the orders for the new calculation of the fine before the Regional Administrative Court. Finally, on 22 December 2020 the Competition Authority served on the Company its appeal against the Lazio Regional Administrative Court's order, while requesting the confirmation of the order on the FM4 tender, including the initial fine equal to € 91.6 million. On 20 January 2022 discussion on the merits was held before the Council of State, which rejected the Company's appeal by judgment filed on 9 May 2022. Against the ruling, the Company filed an appeal for review before the Council of State on 10 June 2022, and an appeal before the Supreme Court on 8 July 2022, both of which were declared to be inadmissible following the hearings for discussion of the merits held on15 June 2023 and 4 April 2023, respectively. The Company, through its attorneys, filed an appeal before the European Court of Human Rights in relation to the Council of State's judgment that settled the case by revocation, which, in a decision adopted on 25 January 2024, declared the appeal to be inadmissible. An appeal was also brought to the Supreme Court against the Council of State's judgment that had rejected the appeal by revocation.

A detailed report on the administrative procedures in progress and further assessments made by the Directors at the end of the reporting period of the Consolidated financial statements at 31 December 2023 is included in the explanatory notes (notes 15 and 18), to which reference is made.

## 10. HUMAN RESOURCES AND ORGANIZATION

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

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

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

### Prevention and protection

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

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

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

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

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

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

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

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

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

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

There were no fatal accidents at work during 2023.

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

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

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

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

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

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

## Training

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

| | FY 2023 | | FY 2022 | |
|---|---|---|---|---|
| ***Subject*** | **Participants** | **Hours** | **Participants** | **Hours** |
| Safety, Quality and Environment | 8,432 | 56,070 | 8,285 | 66,215 |
| Technical-professional | 1,641 | 10,674 | 1,833 | 7,740 |
| IT | 953 | 636 | 114 | 874 |
| English language | 111 | 2,520 | 169 | 4,448 |
| Management | 256 | 4,772 | 78 | 4,138 |
| **TOTAL** | **11,393** | **74,672** | **10,479** | **83,415** |

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

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

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

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

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

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

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

## 11. ENVIRONMENT AND QUALITY

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

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

During the reporting period there was the recertification of:

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

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

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

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

| | |
|---|---|
| ***Servizi Ospedalieri S.p.A.*** | Renewal of the following certifications:<br>› UNI EN ISO 9001:2015 (Quality Management System)<br>› UNI EN ISO 13485:2016 (Quality Management System. Requirement for regulatory purposes)<br>› UNI EN 14065:2016 (Laundry processed textiles. Bio-contamination control system)<br>› UNI EN ISO 20471:2017 (High-visibility clothing – testing methods and requirements)<br>› UNI EN ISO 45001: 2018 (Occupational Health and Safety Management System)<br>› UNI EN ISO 14001:2015 (Environmental Management System).<br><br>Maintenance of the following certifications:<br>› EC certification in compliance with Directive 93/42/EEC for the production of sterile kits<br>› EC certification in compliance with Regulation (EU) 2016/425 for the some Personal Protective Equipment.<br><br>Achievement of the following new certifications:<br>› SA8000:2014<br>› UNI CEI EN ISO 50001:2018 (Energy Management System – Requirements and guidelines for use ")<br>› *"Made Green* Italy" certification. |

| | |
|---|---|
| ***Medical Device S.r.l.*** | Renewal of the following certifications:<br>› Quality system according to UNI EN ISO 9001:2015 (Quality Management System)<br>› UNI EN ISO 13485:2016 (Quality Management Systems. Requirements for regulatory purposes”).<br>Maintenance of the following certifications:<br>› Environmental Management System according to standard UNI EN ISO 14001:2015 (Environmental Management System)<br>› EC certification in compliance with Directive 93/42/EEC for the production of<br>o sterile disposable kits<br>o sterile disposable custom packs<br>o sterile disposable clothing<br>o sterile disposable drapes<br>o sterile disposable accessories and instruments<br>Renewal of the certification::<br>› the EC certification for disposable gowns as 3rd-category personal protective equipment in accordance with Regulation (EU) 2016/425 (in progress).<br>Finally, product registration (CVC kits) for sale in the United Kingdom was completed and work commenced on MDSAP Certifications for sales of products in the Brazilian market. |
| ***U.Jet S.r.l.*** | Maintenance of the following certifications:<br>› the Quality System certification according to standards UNI EN ISO 9001:2015 (Quality Management System)<br>› UNI EN ISO 13485:2016 (Quality Management Systems. Requirements for regulatory purposes”)<br>› EC certification according to the Directive 93/42/EEC Annex II for the production of:<br>o sterile disposable kits<br>o sterile disposable surgical procedure packs<br>o sterile disposable equipment (Clothing, Covers, Drapes and Specialist surgical drapes)<br>o Bags and systems for collecting and conveying Liquids and Fluids<br>o sterile disposable Ophthalmology devices |
| ***Rekeep Digital S.r.l.*** | Maintenance of the following schemes:<br>› ISO 9001:2015 (Quality Management System)<br>› ISO 18295-2: 2017 (Customer contact centres – Requirements for clients using the services of customer contract centres).<br>The following scheme was recertified, according to accredited references<br>› ISO 18925-1:2017 (Customer contact centres – requirements for customer contact centres) |
| ***Rekeep Rail S.r.l.*** | The Company maintained the following certifications, following the audits carried out by RINA Services, the accredited certification body:<br>ISO 9001:2015 - Quality Management System,<br>ISO 14001:2015 - Environmental Management System,<br>ISO 45001:2018 - Occupational Health and Safety Management System.<br>› SA8000:2014 – Social Accountability Management System. |

| | |
|---|---|
| ***H2H Facility Solutions S.p.A.*** | Maintenance of the qualifying company certification under Regulation (EC) 842/2006, Presidential Decree 43/2012 and Accredia Technical Regulation RT-29, for installation, leakage control, servicing or repair services for fixed refrigeration and air-conditioning equipment and heat pumps containing certain fluorinated greenhouse gases.<br>Maintenance of the following certifications:<br>› UNI EN ISO 9001:2015 (Quality Management System)<br>› UNI EN ISO 14001:2015 (Environmental Management System). |
| ***H2H Cleaning S.r.l.*** | Maintenance of the following certifications:<br>› UNI EN ISO 9001:2015 (Quality Management System)<br>› UNI EN ISO 14001:2015 (Environmental Management System)<br>› UNI ISO 45001:2018 (Occupational Safety Management System)<br>› SA8000:2014 (Social Accountability Management System).<br>The following certification was obtained:<br>› UNI EN ISO 30415:2021 (Diversity and inclusion Management System) |
| ***Telepost S.r.l.*** | Maintenance of the following certifications:<br>› UNI EN ISO 9001:2015 (Quality Management System)<br>› UNI EN ISO 14001:2015 (Environmental Management System). |
| ***Rekeep France sub-group*** | Maintenance of the following certification:<br>› QUALIPROPRE (Quality of cleaning and related services) |
| ***Sub-gruppo Rekeep Polska*** | Maintenance of the following certifications, following the audits carried out by IQS CERT Sp. z o.o.:<br>› ISO 9001:2015 - Quality Management System;<br>› ISO 14001:2015 - Environmental Management System;<br>› ISO 45001:2018 - Occupational Health and Safety Management System;<br>› ISO 22000:2018 – Food Safety Management Systems;<br>› HACCP system – according to the Polish food code CAC/RCP 1-1969, rev. 4(2003)<br>Maintenance of the following certification following the audits carried out by TUV Rheinland Polska Sp. z o.o.:<br>› Gwarant Czystości i Higieny (cleaning and hygiene services). |
| ***Rekeep Saudi LLC*** | Maintenance of the following certifications:<br>› ISO 9001:2008 Quality Management System<br>› ISO 45001:2007 Health and Safety Management System<br>› ISO 27001:2022 Information Security Management System<br>› ISO 2001:2018 Information Security – Service Management |
| ***EOS*** | Maintenance of the following certifications, following the audits carried out by BBS.:<br>› TS EN ISO 9001:2015 Quality Management System<br>› TS EN ISO 14001:2015 Environmental Management System<br>› TS ISO 45001:2018 Occupational Health and Safety Management System<br>› TS EN ISO 13485:2016 Medical devices Quality management systems Requirements for regulatory purposes- Sterilization and Disinfection Systems |

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

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

## 12. RELATED PARTIES TRANSACTIONS

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

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

## 13. CORPORATE GOVERNANCE

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

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

## 14. RESEARCH AND DEVELOPMENT

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

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

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

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

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

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

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

## 17. OTHER INFORMATION

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

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

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

## 18. SECONDARY OFFICES

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

## 19. TAX CONSOLIDATION AGREEMENT

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

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

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

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

## 20. SUBSEQUENT EVENTS

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

At the Ordinary Shareholders' Meeting held by the Sole Shareholder on 14 March 2024, the new members of the Board of Directors of Rekeep S.p.A. were appointed, consisting of 7 members, 3 of whom meet the independence requirements prescribed by Article 148, paragraph 3, of Legislative Decree no. 58 of 24 February 1988, as well as the independence requirements prescribed in the Corporate Governance Code for Listed Companies, appointing the Chairman in the person of Director Claudio Levorato. On the same date, the Board of Directors appointed by the Shareholders' Meeting met to make appointments and grant proxies and powers. Specifically, the Board of Directors appointed Claudio Levorato as Executive Chairman, and Giuliano Di Bernardo as Chief Executive Officer of the Company.

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

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

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

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

## 21. OUTLOOK

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

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

In addition, the Directors have initiated analyses in order to find the best solutions to deal with this situation and make the debt itself sustainable, including the possibility of partially refinancing the Senior Secured bond, procuring any other possible sources of financing as well as carve-outs (sale of assets or disposal of equity investments). As of the date of preparation of this document, the aforementioned assessments were still in progress, given that a mandate had already been given to leading national and international advisors in order to design the best strategy and possible counterparties. At the same time, the Group's sole shareholder has been taking actions in order to find any possible alternative solutions to enable the Rekeep Group to honor its medium-term commitments and pursue the best solution to maximize the value of its main asset.

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

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

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

Zola Predosa, 21 March 2024

**The Chairman**

Claudio Levorato

# Consolidated financial statements at 31 december '23

rekeep

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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 | For the year ended 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 | For the year ended 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 | For the year ended 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.

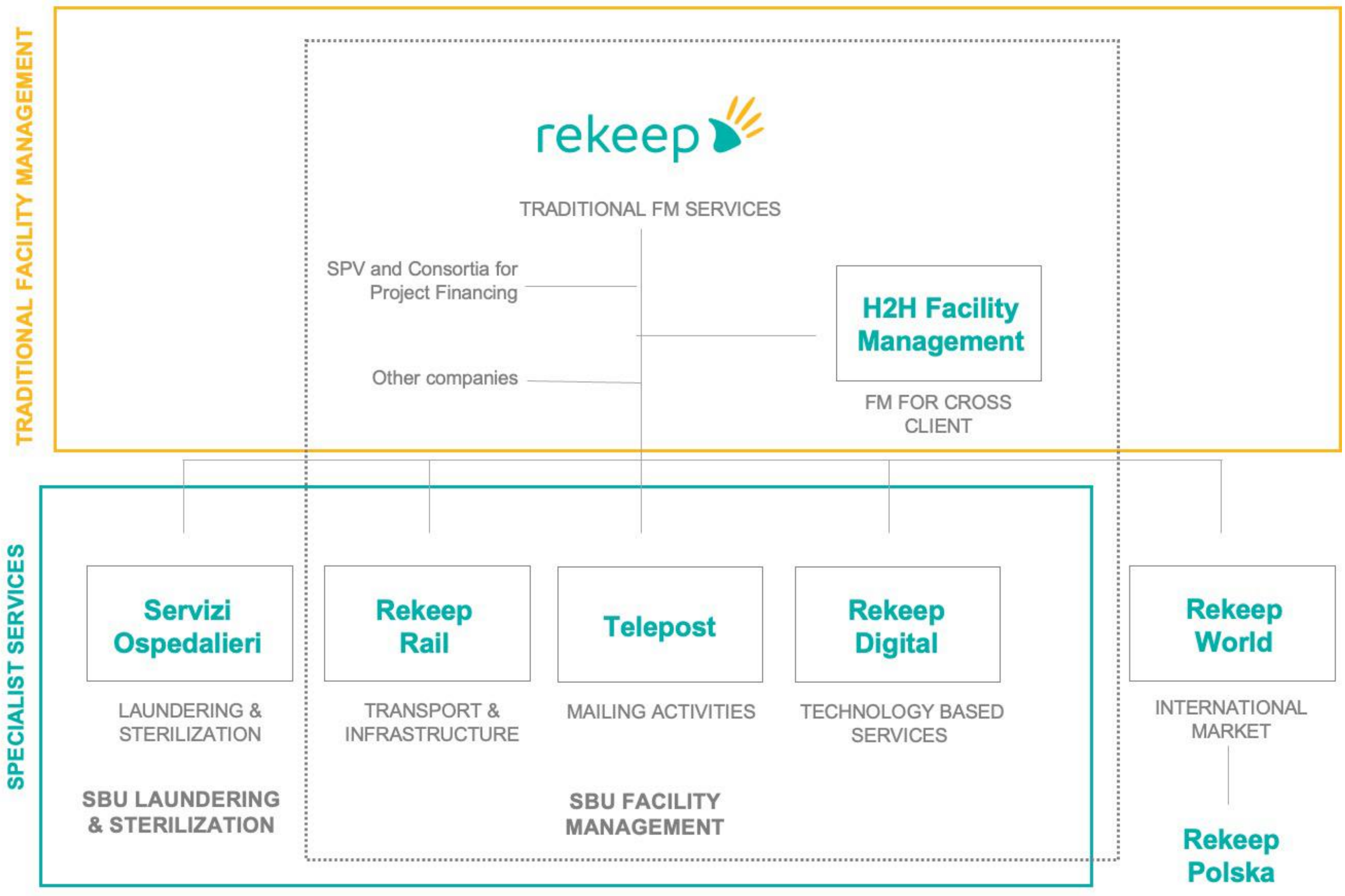
As at 31 December 2023 the share capital of Parent Company Rekeep S.p.A. was wholly held by the sole shareholder MSC Società di Partecipazione tra Lavoratori S.p.A., which also carries out Management and Coordination Activities.

### 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;

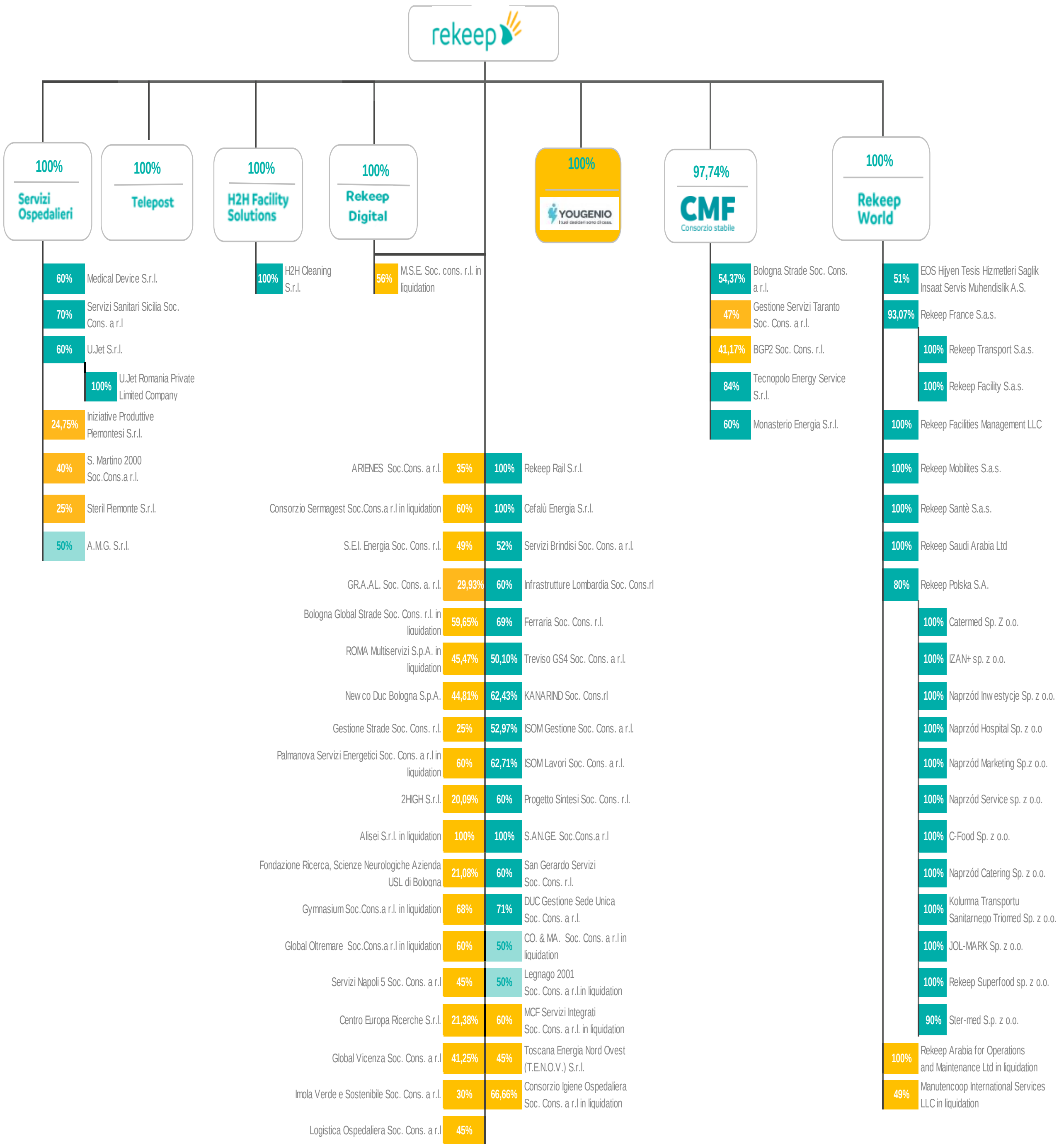
- the cumulative inflation rate over three years approaches, or exceeds, 100%.

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:<br>> legal term of the right<br>> 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** | **s423,223** |
| 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** |

# Indipendent auditor's report

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# 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

EY S.p.A.
Via Massimo D'Azeglio, 34
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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.*

# Separate financial statements at 31 december '23

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# 2023 SEPARATE FINANCIAL STATEMENTS

## STATEMENT OF FINANCIAL POSITION

| *(in Euro)* | NOTES | 31 December 2023 | 31 December 2022 |
|---|---|---|---|
| **ASSETS** | | | |
| **NON-CURRENT ASSETS** | | | |
| Property, plant and equipment | 4 | 22,052,969 | 8,123,360 |
| Property, plant and equipment under lease | 5 | 15,522,913 | 30,032,660 |
| Goodwill | 6 - 7 | 326,421,263 | 326,421,263 |
| Other intangible assets | 6 | 15,696,856 | 15,712,000 |
| Investments in Subsidiaries, Joint-ventures, Associates | 8 | 160,670,923 | 140,995,042 |
| Other investments | 8 | 5,980,427 | 5,980,427 |
| Non-current financial assets | 9 | 37,475,569 | 55,904,153 |
| Other non-current assets | 10 | 2,584,419 | 2,134,030 |
| Deferred tax assets | 33 | 11,232,666 | 12,408,480 |
| **TOTAL NON-CURRENT ASSETS** | | **597,638,005** | **597,711,414** |
| **CURRENT ASSETS** | | | |
| Inventories | 11 | 236,754 | 345,014 |
| Trade receivables and advances to suppliers | 12 | 293,774,728 | 340,789,043 |
| Current tax receivables | 33 | 4,405,063 | 3,241,533 |
| Other current assets | 13 | 23,657,783 | 43,394,101 |
| Current financial assets | 14 | 64,322,389 | 65,949,123 |
| Cash and cash equivalents | 15 | 32,647,563 | 55,290,940 |
| **TOTAL CURRENT ASSETS** | | **419,044,279** | **509,009,755** |
| Assets held for sale | | 0 | 0 |
| **TOTAL NON-CURRENT ASSETS HELD FOR SALE** | | **0** | **0** |
| **TOTAL ASSETS** | | **1,016,682,284** | **1,106,721,169** |

| *(in Euro)* | NOTES | 31 December 2023 | 31 December 2022 |
|---|---|---|---|
| **SHAREHOLDERS' EQUITY** | | | |
| Share capital | | 109,149,600 | 109,149,600 |
| Share premium reserve | | 145,018,390 | 145,018,390 |
| Reserves | | (98,988,325) | (98,828,228) |
| Retained earnings | | (34,595,923) | (75,379,120) |
| Profit/(loss) for the year | | 6,672,159 | 40,783,196 |
| **TOTAL SHAREHOLDERS' EQUITY** | **16** | **127,255,900** | **120,743,839** |
| **NON-CURRENT LIABILITIES** | | | |
| Employee termination indemnity | 17 | 3,157,251 | 3,630,550 |
| Provisions for risks and charges, non-current | 18 | 25,998,185 | 25,053,689 |
| Long-term financial debt | 19 | 379,500,464 | 378,326,236 |
| Deferred tax liabilities | 33 | 11,255,471 | 11,323,166 |
| Other non-current liabilities | | 42,400 | 578,171 |
| **TOTAL NON-CURRENT LIABILITIES** | | **419,953,770** | **418,911,811** |
| **CURRENT LIABILITIES** | | | |
| Provisions for risks and charges, current | 18 | 7,279,714 | 11,806,543 |
| Trade payables and contract liabilities | 21 | 258,996,147 | 327,246,704 |
| Current tax payables | | - | 23,415 |
| Other current liabilities | 22 | 108,333,955 | 126,926,279 |
| Bank borrowings, including current portion of long-term debt, and other financial liabilities | 19 | 94,862,797 | 101,062,577 |
| **TOTAL CURRENT LIABILITIES** | | **469,472,614** | **567,065,519** |
| 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 SHAREHOLDES' EQUITY AND LIABILITIES** | | **1,016,682,284** | **1,106,721,169** |

## STATEMENT OF PROFIT OR LOSS

| | NOTES | 31 December 2023 | 31 December 2022 |
|---|---|---|---|
| **REVENUE** | | | |
| Revenue from contracts with customers | 23 | 639,059,351 | 787,161,221 |
| Other revenue | 24 | 2,451,638 | 3,252,544 |
| **TOTAL REVENUE** | | **641,510,989** | **790,413,765** |
| **OPERATING COSTS** | | | |
| Costs of raw materials and consumables | 25 | (151,460,917) | (238,450,856) |
| Costs for services and use of third-party assets | 26 | (192,624,630) | (220,650,539) |
| Personnel costs | 27 | (214,525,949) | (242,268,708) |
| Other operating costs | 28 | (4,243,823) | (5,309,147) |
| Amortization, depreciation, write-downs and write- backs of assets | 29 | (20,812,960) | (12,841,815) |
| Accrual (reversal) to provisions for risks and charges | | (3,937,292) | (5,957,471) |
| **TOTAL OPERATING COSTS** | | **(587,605,570)** | **(725,478,537)** |
| **OPERATING INCOME** | | **53,905,418** | **64,935,227** |
| **FINANCIAL INCOME AND EXPENSES** | | | |
| Dividends and net income/(loss) from sale of investments | 30 | 908,322 | 10,729,733 |
| Financial income | 31 | 7,407,384 | 6,804,830 |
| Financial expenses | 32 | (45,669,184) | (38,208,518) |
| Gains / (losses) on exchange rate | | (2,677) | (147) |
| **Profit/(loss) before taxes** | | **16,549,264** | **44,261,127** |
| Income taxes, current, prepaid and deferred | 33 | (9,877,105) | (3,477,931) |
| **Profit/(loss) from continuing operations** | | **6,672,159** | **40,783,196** |
| Profit (loss) from discontinued operations | | 0 | 0 |
| **NET PROFIT (LOSS)** | | **6,672,159** | **40,783,196** |

## STATEMENT OF OTHER COMPREHENSIVE INCOME

| (in Euro) | NOTES | 31 December 2023 | 31 December 2022 |
|---|---|---|---|
| **Profit/(Loss) for the year** | | **6,672,159** | **40,783,196** |
| **Other components of the comprehensive income for the period, which will be subsequently reclassified under profit/(loss) for the year** | | **0** | **0** |
| *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 | | 7,368 | 289,712 |
| Income taxes | | 0 | 0 |
| **Net effect of actuarial gains/(losses)** | **17** | **7,368** | **289,712** |
| **Other components of the comprehensive income for the year, which will not be subsequently reclassified under profit/(loss) for the year** | | **7,368** | **289,712** |
| **Total profit/(loss) in the statement of comprehensive income, net of taxes** | | **7,368** | **289,712** |
| **Total comprehensive income/(loss), net of taxes** | | **6,679,527** | **41,072,908** |

## STATEMENT OF CASH FLOWS

| *(In In thousands of Euro)* | For the year ended | |
|---|---|---|
| | **31 December 2023** | **31 December 2022** |
| **Net profit (loss) from continuing operations for the year** | **6,672** | **40,783** |
| Income taxes for the year | 9,877 | 3,478 |
| **Profit (loss) before taxes** | **16,549** | **44,261** |
| Amortization, depreciation, write-downs and (write-backs) of assets | 20,813 | 12,842 |
| Accrual (reversal) of provisions for risks and charges | 3,937 | 5,957 |
| Employee termination indemnity provision | 135 | 78 |
| Payments of employee termination indemnity | (608) | (745) |
| Utilization of provisions for risks and charges | (7,519) | (2,065) |
| Financial charges (income) for the year | 38,264 | 31,404 |
| **Operating cash flows before movements in working capital** | **71,571** | **91,732** |
| Decrease (increase) of inventories | 108 | 6 |
| Decrease (increase) of trade receivables | 41,797 | (56,292) |
| Decrease (increase) of other current assets | 19,308 | (32,376) |
| Increase (decrease) of trade payables | (68,251) | 52,503 |
| Increase (decrease) of other current liabilities | (19,128) | (1,550) |
| **Change in Working Capital** | **(26,166)** | **(37,710)** |
| Net interest received (paid) in the year | (28,535) | (21,472) |
| Income tax paid in the year | (12,100) | (7,045) |
| **Net cash flow from operating activities** | **4,770** | **25,506** |
| (Purchase of intangible assets, net of sales) | (4,848) | (4,184) |
| (Purchase of property, plant and equipment) | (1,120) | (1,553) |
| Sales of property, plant and equipment | 440 | 38 |
| (Acquisition) Disposal of investments | (1,582) | 263 |
| (Decrease) increase of financial assets | (1,085) | (26,057) |
| Financial effects of business combinations | (787) | (13,750) |
| **Net cash flow used in investing activities** | **(8,981)** | **(45,244)** |
| Proceeds from non-current borrowings | (128) | (462) |
| Proceeds from / (Repayment of) short term bank debt | (1,638) | (1,516) |
| Proceeds from / (Repayment of) intercompany loans | (5,031 | 1,156 |

| *(In In thousands of Euro)* | For the year ended | |
|---|---|---|
| | **31 December 2023** | **31 December 2022** |
| Payment of lease fees | (10,375) | (2,166) |
| Proceeds from / (Repayment of) other loans | (1,260) | 30,120 |
| **Net change in loans** | **(18,431)** | **27,132** |
| **Net cash flow from / (used in) financing activities** | **(18,431)** | **27,132** |
| **Changes in cash and cash equivalents** | **(22,643)** | **7,393** |
| Cash and cash equivalents at the beginning of the year | 55,291 | 47,897 |
| Changes in cash and cash equivalents | (22,643) | 7,393 |
| **Cash and cash equivalents at the end of the year** | **32,648** | **55,291** |
| Details of cash and cash equivalents: | | |
| Cash and bank current accounts | 32,648 | 55,291 |
| **TOTAL CASH AND CASH EQUIVALENTS** | **32,648** | **55,291** |

## SUPPLEMENTARY INFORMATION

| *(in thousands of Euro)* | For the year ended | |
|---|---|---|
| | **31 December 2023** | **31 December 2022** |
| Interest paid | (32,048) | (26,324) |
| Interest received | 3,513 | 4,853 |
| Dividends received | 631 | 10,519 |

## STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

| *(In thousands of Euro)* | Share Capital | Share premium reserve | Other reserves | Retained earnings | Result for the year | Total shareholders' equity |
|---|---|---|---|---|---|---|
| **1 January 2021** | **109,150** | **145,018** | **(92,252)** | **(62,590)** | **(12,789)** | **86,538** |
| Allocation of profits | | | | (12,789) | 12,789 | 0 |
| Business combinations "under Common Control" | | | (6,866) | | | **(6,866)** |
| Comprehensive profit/(loss) for the year | | | 290 | | 40,783 | 41,073 |
| **31 December 2022** | **109,150** | **145,018** | **(98,829)** | **(75,379)** | **40,783** | **120,744** |
| Allocation of profits | | | | 40,783 | (40,783) | 0 |
| Business combinations "under common control" | | | (167) | | | (167) |
| Comprehensive profit/(loss) for the year | | | 7 | | 6,672 | 6,680 |
| **31 December 2023** | **109,150** | **145,018** | **(98,989)** | **(34,596)** | **6,672** | **126,256** |

# EXPLANATORY NOTES

## 1. GENERAL INFORMATION

The Financial Statements (separate financial statements based on the definition used by IAS 27) of Rekeep S.p.A., a Sole-Shareholder Company (hereinafter “Rekeep S.p.A.” or “Rekeep” or “Company“) for the financial year ended 31 December 2023 were approved by resolutions of the Board of Directors’ meeting held on 21 March 2024 and the Shareholders’ Meeting held on 29 April 2024.

At 31 December 2023 the share capital of 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 carries out the related Management and Coordination activities.

The Company also presents the Consolidated Financial Statements, which are attached hereto, as expressly required by the articles of association.

### 1.1 The business

Rekeep S.p.A. is active throughout Italy, in the management and provision of integrated services to public and private customers, targeted at properties and property assets, logistics and organizational support, in order to optimize the management of property-related activities (Integrated Facility Management).

Therefore, the Company, 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 and public authorities.

The so-called ‘‘traditional’’ Facility Management services provided by the Company include the following activities:

- Cleaning;
- Technical Services;
- Landscaping.

Cleaning activity includes cleaning and hygiene services, sanitation, disinfection, rat extermination, collection, transport and disposal of hospital waste and employs the highest number of Company employees.

Technical Services encompass the management, running and maintenance services of property-related systems (including heating and air conditioning systems, cogeneration systems, electrical systems, water, sanitary, telephone and electronic systems in general), including:

- design and implementation of redevelopment and adjustment work into line with the 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 services rendered by the Company is the so-called Landscaping, i.e. services for the maintenance of green spaces, which include 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.

In order to expand the range of facility management services offered to customers, coupled with the aforementioned traditional facility management services, the Company offers a series of additional, auxiliary services, targeted at property users, including concierge/reception, switchboard and surveillance, porterage and internal relocation, management of computer workstations and other support services.

The Company performs the aforementioned integrated service activities at offices, industrial plants, warehouses, commercial and service industry buildings in general, green areas, car parks, crèches and schools and universities, hotels, sports complexes, barracks and welfare buildings.

## 2. ACCOUNTING STANDARDS AND BASIS OF PRESENTATION

The separate Financial Statements at 31 December 2023 comprise the Statement of financial position, the Statement of profit or loss, the Statement of other comprehensive income, the Statement of Cash flows, the 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 separate Financial Statements 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 these financial statements, 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, which are sufficient to regularly meet its obligations over that time horizon and, after assessing any possible uncertainties surrounding the ability to continue as a going concern, as described in paragraph 2.3 "Discretionary assessments and significant accounting assumptions" below, including financial risks described in note 36 ,and other market risks associated with the proceedings in progress described in explanatory notes 18 and 20, and the actions that are currently in place to meet the substantial medium-term financial commitments.

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 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 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 Separate Financial Statements at 31 December 2023 have been presented in Euro. 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 Separate Financial Statements at 31 December 2023 have been prepared in accordance with the International Financial Reporting Standards ("IFRS"). The Company 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 Company has applied the IFRS as adopted by the European Union in thepreparation of its 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 separate Financial Statements are consistent with those used to prepare the separate Financial Statements of the previous period, with the exception of newly-issued standards and interpretations applicable from 1 January 2023, in addition to the amendments to standards already in force.

The Company did not provide for the early adoption of any standard, interpretation or improvement issued but still not obligatorily in force.

### *IFRS Accounting standards, amendments and interpretations applied from 1 January 2023*

The following IFRS accounting standards, amendments and interpretations were applied by the Company 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*. The standard was applied from 1 January 2023. 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).

Furthermore, 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. 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 users of financial statements.

The adoption of this standard and related amendment had no impact on the Company's 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 regarding IAS 1 require an entity to disclose relevant information about the accounting standards applied by the Company. The amendments are aimed at improving disclosures on the accounting standards applied by the Company 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 adoption of these amendments had no significant impact on the Company's financial statements.

- 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 were applied from 1 January 2023.

  The adoption of this amendment had no significant impact on the Company's financial statements.

- 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 (whose rule was in force in Italy as at 31 December 2023, but applicable as from 1 January 2024), and provides 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 Company is part of a Group that falls within the scope of application of Pillar Two Model Rules, but since the Company is not the ultimate parent of that Group, the entry into force of the amendment had no impact on the Company's financial statements.

### *IFRS accounting standards, amendments or interpretations endorsed by the European Union at 31 December 2023, but not yet mandatorily applicable and not early adopted by the Company at 31 December 2023*

The following IFRS accounting standards, amendments and interpretations were endorsed by the European Union, but which are not yet mandatorily applicable and had not been early adopted by the Company at 31 December 2023:

- 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*". These 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).

  The amendments will become effective from 1 January 2024, with early adoption permitted. The directors do not expect any material effect on the Company's 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 Company's financial statements from the adoption of this amendment.

### *IFRS accounting standards, amendments and interpretations not yet endorsed by the European Union at 31 December 2023*

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 Company's 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 apply a methodology 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 amendment shall apply from 1 January 2025, with early adoption permitted.
  The directors do not expect any material effect on the Company's 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 Company is not a first-time adopter.

## 2.3 Discretionary assessments, assumptions and significant accounting assumptions and estimates

The preparation of the Separate 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, with a significant effect on the values recognized in the accounts relate to the assessment of the going-concern assumption and the sustainability of debt, as well as the recoverability of assets, with specific regard to goodwill. Also of particular importance during the year was the adoption of the continuity of values principle for the recognition of business combinations under common control. The application of this principle gives rise to the recognition in the statement of financial position of values equal to those that would result if the entities involved in business combinations had been combined all along. The net assets of the acquired entity and 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 reporting date of the Separate Financial Statements are detailed below.

*Assessing the going-concern assumption*

The Company ended the 2023 financial year with revenues totaling € 642 million (€ 790 million at 31 December 2022), EBITDA of € 78.7 million equal to 12% of revenues (€45.7 million at 31 December 2022), including non-recurring charges of € 2.9 million, and a net profit of € 6.7 million (against a net profit of € 40.8 million at 31 December 2022). Following the result for the year, the shareholders' equity increased by a total of € 6.5 million at 31 December 2023 while the net financial position increased to € 377.3 million at the end of the year (of which € 97.0 million was short-term). The growth of the Company and of its subsidiaries (both direct and indirect), 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 indirect subsidiary Rekeep Saudi culminating in the international arbitration proceedings (as commented on in the Report on Operations), 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 € 45.7 million at 31 December 2023). In this circumstance, when preparing the separate 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 separate Financial Statements, in line with expectations, and the results expected by the Company 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 separate Financial Statements. The Directors also assessed the status of existing relationships with the Company's banks and other lenders, which have not changed significantly since the previous year, and verified whether Rekeep and its subsidiaries (both direct and indirect) 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 Company'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 subsidiaries).

As at the date of preparation of these separate Financial Statements, the aforementioned assessments were still in progress, given that a mandate had been given to leading national and international advisors on 2 February in order to design the best strategy and possible counterparties. At the same time, the Company's sole shareholder has been taking actions in order to find any possible alternative solutions to enable the Company 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 separate 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 36.

### *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 2023 the carrying amount of the goodwill stood at € 326,421 thousand (unchanged compared to 31 December 2022): for more details see note 7.

### *Provisions for risks and charges and Allowance for doubtful accounts*

Provisions representing the risk of negative outcomes of legal and tax 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 customers. 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 Financial Statements.

### *Recognition of revenues and costs relating to contract activities*

The Company uses the percentage of completion method to account for the amount 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 contract activities 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 Company 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.

### *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.

## 2.4 Summary of the main accounting criteria

### *Property, plant and equipment*

Property, plant and equipment are recorded 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 the 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 eliminated 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 income from the sale and the carrying amount) are included in the income statement in the year of the aforementioned elimination.

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 |
|---|---|
| **Property** | 34 years |
| **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 |
| **Equipment for cleaning/landscaping activities** | 6.5 years |
| **Equipment for technological system management** | 3 years |
| **Equipment for building construction and maintenance** | 2.5 years |

| | Useful life |
|---|---|
| **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 |
| **Land** | Indefinite useful life |

The property, plant and equipment item of the financial position includes not only plant and equipment in the strictest sense, but also machinery, motor vehicles, office machines and furniture.

Financial charges deriving 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 of time to be ready for use.

The capitalization of financial charges ceases when all the activities needed to make the qualifying asset ready for use have been substantially completed.

It should be noted that the Company had not recognized any capitalized financial costs in the financial statements at 31 December 2023.

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 depreciation period corresponds to the lower of the residual useful life of the tangible fixed asset and the residual duration of lease.

### *Goodwill*

Goodwill arising in a business combination is initially valued at cost, represented by the excess of the cost of the investment with respect to the share pertaining to the Company in the net fair value relating to the identifiable values of acquired assets and liabilities. As at the date of acquisition, it is allocated to the cash-generating units that are expected to benefit from the synergies of the acquisition, irrespective of the allocation of other assets or liabilities to said units.

Subsequently, goodwill (consisting of the sum of individual items of goodwill recognized following each business combination carried out by the Company and at the end of the consequent phases of Purchase Price Allocation) is valued at cost, as decreased by any accumulated impairment losses. Impairments tests are conducted 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 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. 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 carrying amount of goodwill allocated to it.

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 consistency tests when there is an indication of potential impairment losses. The amortization period and method applied in that regard are reviewed at the end of each financial period 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 Company 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 finite useful life are recorded in the income statement under the cost item "(amortization, impairment losses) write-backs of assets".

The Company did not record any intangible assets with an indefinite useful life, with the exception of goodwill.

The principles the Company applied for intangible assets are summarized below:

| | **Concessions, licenses, trademarks and similar rights** | **Other intangible assets** |
|---|---|---|
| **Useful life** | Definite | Indefinite |
| **Method used** | Software, Trademarks and Patents | Contractual relations with customers |
| | Amortization on a straight line basis over the shorter time span between:<br>> legal duration of the right;<br>> expected period of use | Amortization in proportion to consumption of backlog. |
| | Backlog | |
| | Amortization in proportion to the contract term | |
| **Produced internally or purchased** | Purchased | Acquired in business combination. |
| **Impairment tests / tests on recoverable values** | Yearly or more frequently when there is evidence of impairment. | Yearly or more frequently when there is evidence of impairment. |

Profits or losses deriving 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 subsidiaries, associates and joint ventures*

Subsidiaries are companies over which the Company has the independent power to determine the strategic decisions of the company and obtain the associated benefits. Generally speaking, control is said to exist when, directly or indirectly, more than half of the voting rights which can be exercised at the ordinary shareholders' meeting are held, also considering so-called potential votes, i.e. voting rights deriving from convertible instruments.

Associates are companies over which the Company exercises a significant influence as regards the determination of the company's strategic decisions, despite not having control, also considering so-called potential votes, i.e. voting rights deriving from convertible instruments; a significant influence is said to exist when the Company holds, directly or indirectly, more than 20% of the voting rights which can be exercised at the ordinary shareholders' meeting.

Equity investments in subsidiaries and associates are measured at purchase costs, and reduced in the event of the distribution of capital or capital reserves, or in the presence of impairment losses determined by impairment testing. The cost is written back in subsequent years if the reasons for the write-downs no longer exist.

The Company participates in various joint ventures which can be classified as companies under joint control. A joint venture is a contractual agreement whereby two or more parties undertake an economic activity subject to joint control; a jointly controlled company is a joint venture that involves the setting up of a separate company in which each participant holds interests. Joint control is deemed to exist when 50% is held.

For all companies, a list of which is supplied in the appropriate notes, the cost criterion was applied.

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.

### *Impairment of assets*

At the close of each financial year, the Company assesses whether there are any indicators of impairment of assets. In this case, or in the event an annual impairment test is required, the Company 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 sales costs and its value in use is determined for each individual asset, except when said 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, said asset has been impaired and is subsequently written down to its recoverable value. In calculating the value in use, the Company 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, impairment losses) write-backs of assets''.

At the close of each financial year, the Company also assesses the existence of indications that the impairment losses recorded previously no longer exist (or have fallen) and, if said indications exist, estimate the recoverable value. The value of an asset previously written down can 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 to 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 recorded 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 recorded, 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 remaining useful life.

### *Financial assets*

IFRS 9 makes provision for the following types of financial instruments:

- financial assets at fair value with changes booked to the income statement, a category which includes the financial assets held for trading, i.e. all assets acquired for short-term sale;
- loans and receivables, defined as non-derivative financial assets with fixed or determinable payments that are not listed onan active capital market;
- investments held to maturity, i.e. financial assets that are not derivative instruments and which are characterized by fixed or determinable payments on maturity for which the owner has the intention and capacity to hold them in the portfolio to maturity;
- available-for-sale financial assets, i.e. financial assets, excluding derivative financial instruments, which have been designated as such or are not classified in one of the other three previous categories.

All financial assets are initially recorded at fair value, increased, in the event of assets other than those at fair value in the income statement, by accessory charges. Following the initial recognition, the Company determines the classification of its financial assets and, where appropriate and permitted, reviews said classification at the close of each financial year.

The financial assets held by the Company in the year just ended, equal to those held in the previous year, relate exclusively to the two categories ‘loans and receivables’ and ‘available-for-sale financial assets’.

The valuation criteria applied by the Company 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 Company 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 recorded 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 are recognized at fair value, as adjusted by the provision for bad debts. Generally, since receivables normally have a maturity of less than one year (generally maturities of between 30-90 days) and since the prevailing market interest rates are not particularly high, it is assumed that the fair value is equal to the nominal value stated in the invoice if claims are generated following accounts receivable invoices or to the amount of cash movements or any other equivalent means in the case of advances. Provision for bad debts is set aside in the presence of objective evidence that the Company 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 plant 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, it must be recognized as a payable for the portion exceeding the value of the same and, as such, must beclassified under "Contract liabilities".

## Cash and cash equivalents

Cash and cash equivalents and short-term deposits in the 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, which are not subject to significant risks associated with changes in value and which do not have charges for the disinvestment.

Cash and cash equivalents at the end of the year are measured as follows:

- bank deposits, postal deposits and checks (both current account, bank draft and similar) are measured at fair value. This value normally coincides with nominal value, while the estimated net realizable value is shown in situation of bad debts;
- cash and revenue stamps on hand are measured at nominal value.

## Loans

All loans are initially recorded at the fair value of the consideration received net of accessory charges involved in acquiring 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, plus through the amortization process.

## Elimination 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 financial statements when:

- the contractual rights over cash flows deriving from financial assets have expired;
- the Company 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 completely eliminated, but the result is that the Group obtains a new financial asset or assumes a new financial liability, the Company records the new financial asset, financial liability or liability originating from service at fair value.

### *Financial liabilities*

A financial liability is derecognized from the financial statements when the obligation underlying the liability is extinguished, 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 end of each financial year, the Company 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 objective evidence that a loan or a receivable carried at amortized cost have 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 booked to the income statement.

The Company firstly assesses the existence of 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 objective evidence of impairment of a financial asset 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. The assets valued at individual level and for which an impairment loss is recorded or continues to be recorded, 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 booked to the income statement 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 unquoted equity instrument which is not recognized at fair value since its fair value cannot be reliably measured, or of a derivative instrument which is linked to said equity 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*

Allocations to provisions for risks and charges are made when the Company has to fulfill a current obligation (legal or implicit) resulting from a past event, for which resources are likely to be sacrificed to meet said obligation and its amount can be estimated reliably.

When the Company believes that an allocation 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 recorded separately under assets only if it is virtually certain. In said case, the cost is stated in the income statement of the associated allocation net of the amount recorded for the compensation.

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 charge.

### *Provision for employee termination benefits*

Liabilities in the form of employee termination benefits are only recorded when the Company 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 redundancy. The Company is demonstrably committed to a termination 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 reflected 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 end 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, 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 2006 reform (Law no. 296/2006 – the so-called “2007 Budget Law”) 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 booked directly to the income statement, as a cost, when recognized. ESI accrued up until 31.12.2006 remains a defined benefit plan, without future contributions.

The Company records actuarial gains or losses in the accounts deriving from the application of the aforementioned method (Projected Unit Credit Method), in an appropriate shareholders’ equity reserve according to the provisions of IAS 19. The actuarial valuation of the liability was entrusted to an independent actuary. The Company 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 IFRS 15.

Lease agreements, including lease and long-term hire contracts, 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 reported among assets must be recognized 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. The Company does 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. 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.

Finally, the Company 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 Euro 5,000) from the related scope of application. Furthermore, the Company 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.

## Revenues recognition

Revenues are recorded to the extent in which it is likely that economic benefits can be achieved by the Company and the associated amount can be reliably determined. The following specific revenue recognition criteria must be adhered to before revenues are booked to the income statement:

### *Provision of services*

The main types of service provided by the Company, separately or jointly as part of Integrated Services, are:

- management and maintenance of properties and plants, often associated with the provision of an energy service;
- cleaning and environmental hygiene services;
- landscaping;
- design 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 balance sheet date, constitute contract activities 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 Company records the revenues deriving from building contracts on the basis of the progress status 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 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 acquirer.

### *Interest*

Interest is recorded 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 recorded when it is reasonably certain they will be received and all inherent conditions are met. When grants are related to cost components, they are recorded 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 subtracted 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 financial year are valued by applying estimate criteria to determine the amount pertaining to 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 recorded 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 recorded against all temporary taxable differences, except:

- when deferred tax liabilities derive 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;
- with reference to 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 it 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 derive from the initial recognition 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;
- with reference to taxable temporary differences associated with equity investments in subsidiaries, associates and joint ventures, deferred tax assets are recorded 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 recorded in the financial statements is reviewed at the close of each financial year 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 balance sheet date and are recorded 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 recognized 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 shareholders' equity are charged directly to shareholders' 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 recorded 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 to the income statement.

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 whether the balance is receivable or payable.

### *Earnings per share*

The Company did not adopt IFRS 8 - Segment Reporting or IAS 33 - Earnings Per Share in these financial statements, given that they are only mandatory for companies quoted on regulated markets; this information is provided in the Group consolidated financial statements.

### *Conversion of foreign currency items*

The financial statements are presented in Euro, the Company'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 financial position items and average exchange rates for items in the income statement.

### 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 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 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 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 Rekeep, 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*" – is applicable, 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 separate Financial Statements of 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 € 555 thousand, while the overall cost of the business combination was equal to € 787 thousand (fully paid at 31 December 2023).

## 4. PROPERTY, PLANT AND EQUIPMENT

The table below shows the changes in property, plant and equipment owned in the year ended 31 December 2023:

| | Property and land | Plant and equipment | Total |
|---|---|---|---|
| **At 1 January 2023, net of accumulated depreciation and impairment** | **251** | **7,872** | **8,123** |
| Additions from acquisitions | - | 1,120 | **1,120** |
| Disposals | - | (440) | **(440)** |
| Depreciation for the year | (37) | (1,419) | **(1,456)** |
| Others | 14,540 | 166 | **14,706** |
| **At 31 December 2023** | **14,755** | **7,299** | **22,053** |
| **At 1 January 2023, net of accumulated depreciation and impairment** | | | |
| Historical cost | 2,166 | 60,794 | **62,960** |
| Accumulated depreciation and impairment losses | (1,914) | (52,923) | **(54,837)** |
| **NET BOOK VALUE** | **251** | **7,872** | **8,123** |
| **At 31 December 2023** | | | |

| | Property and land | Plant and equipment | Total |
|---|---|---|---|
| Historical cost | 17,066 | 62,266 | **79,332** |
| Accumulated depreciation and impairment losses | (2,311) | (54,968) | **(57,279)** |
| **NET BOOK VALUE** | **14,755** | **7,299** | **22,053** |

The increases in the year, for a total amount of € 1,120 thousand, mainly refer to the purchase of equipment used for cleaning and sanitation services and hardware. Investments were also made during the year in power plants of the complexes under management.

The item "Others", amounting to €14,706 thousand, includes the reclassification for € 14,540 thousand, following the transfer of ownership, on 19 December 2023, concerning the lease agreement on the property located at Via Ubaldo Poli no. 4 in Zola Predosa (BO), where the Company's registered office is located, which had been acquired in the previous year following the takeover of the agreement through the purchase of the contracts entered into by the parent company MSC S.p.A. with Banca Monte dei Paschi Leasing & Factoring S.p.A.. The remaining amount of €166 thousand in the item "Other" refers to the reclassification of two leased machines, which were redeemed during 2023.

There are no fixed assets which were subject to revaluations in the current financial year or in previous years.

The table below shows the changes in company-owned property, plant and equipment in the year ended 31 December 2022:

| | Property and land | Plant and equipment | Total |
|---|---|---|---|
| **At 1 January 2022, net of accumulated depreciation and impairment** | **276** | **7,923** | **8,199** |
| Additions from acquisitions | - | 1,553 | **1,553** |
| Disposals | - | (38) | **(38)** |
| Depreciation for the year | (24) | (1,565) | **(1,589)** |
| **At 31 December 2022** | **251** | **7,872** | **8,123** |
| **At 1 January 2022** | | | |
| Historical cost | 2,166 | 59,241 | **61,407** |
| Accumulated depreciation and impairment losses | (1,890) | (51,318) | **(53,208)** |
| **NET BOOK VALUE** | **276** | **7,923** | **8,199** |
| **At 31 December 2022** | | | |
| Historical cost | 2,166 | 60,794 | **62,960** |
| Accumulated depreciation and impairment losses | (1,914) | (52,923) | **(54,837)** |
| **NET BOOK VALUE** | **251** | **7,872** | **8,123** |

## 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 equipment | Total |
|---|---|---|---|
| **At 1 January 2023, net of accumulated depreciation** | **24,950** | **5,083** | **30,033** |
| Additions from acquisitions | 3,247 | 2,018 | **5,265** |
| Decreases and early redemptions | (322) | (197) | **(519)** |
| Depreciation for the year | (2,600) | (1,950) | **(4,550)** |
| Others | (14,540) | (166) | **(14,706)** |
| **At 31 December 2023** | **10,734** | **4,788** | **15,523** |
| **At 1 January 2023** | | | |
| Historical cost | 40,911 | 19,898 | **60,809** |
| Accumulated depreciation and impairment losses | (15,961) | (14,815) | **(30,776)** |
| **NET BOOK VALUE** | **24,950** | **5,083** | **30,033** |
| **At 31 December 2023** | | | |
| Historical cost | 28,251 | 21,066 | **49,317** |
| Accumulated depreciation and impairment losses | (17,516) | (16,278) | **(33,794)** |
| **NET BOOK VALUE** | **10,734** | **4,788** | **15,523** |

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 € 5,265 thousand.

The total increase of €3,247 thousand in “Rights of use of properties” relates to new property leases for the operating offices located throughout Italy for € 2,026 thousand, and to higher rentals for leases already in place following ISTAT (Italian Statistics Institute) index adjustments for € 1,221 thousand.

There were also increases related to the execution of new long-term hire agreements for company fleet vehicles in the amount of € 1,743 thousand, and the recognition of € 275 thousand in fixed assets under construction for an advance payment made to SG Equipment Finance S.p.A. for the execution of two lease agreements for cogeneration modules.

The item “Others”, amounting to €14,706 thousand, includes the reclassification for € 14,540 thousand concerning the lease agreement on the building where the Company's registered office is located as a result of the transaction described above. The remaining amount of €166 thousand in the item “Other” refers to the reclassification of two leased machines, which were redeemed during 2023 and already commented on above.

Cases of early termination for the year, equal to € 519 thousand, refer to property leases for € 322 thousand, and to additional early terminations of long-term hires of plant and equipment for € 197 thousand.

The table below shows the changes in property, plant and equipment under lease in the period ended 31 December 2022:

| | Rights of use of properties | Rights of use of plant and equipment | Total |
|---|---|---|---|
| **At 1 January 2022, net of accumulated depreciation** | **18,569** | **5,641** | **24,210** |
| Additions from acquisitions | 16,326 | 1,944 | **18,270** |
| Decreases and early redemptions | (7,060) | (362) | **(7,422)** |
| Depreciation for the year | (2,884) | (2,141) | **(5,025)** |
| **At 31 December 2022** | **24,950** | **5,082** | **30,033** |
| **At 1 January 2022** | | | |
| Historical cost | 37,570 | 18,865 | **56,435** |
| Accumulated depreciation and impairment losses | (19,001) | (13,223) | **(32,225)** |
| **NET BOOK VALUE** | **18,569** | **5,642** | **24,210** |
| **At 31 December 2022** | | | |
| Historical cost | 40,911 | 19,898 | **60,809** |
| Accumulated depreciation and impairment losses | (15,961) | (14,815) | **(30,776)** |
| **NET BOOK VALUE** | **20,950** | **5,083** | **30,033** |

## 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** | **15,712** | **326,421** | **342,133** |
| Additions from acquisitions | 4,848 | | **4,848** |
| Amortization for the year | (4,863) | | **(4,863)** |
| **At 31 December 2023** | **15,697** | **326,421** | **342,118** |
| **At 1 January 2023** | | | |
| Cost | 103,360 | 326,421 | **429,781** |
| Accumulated amortization and impairment losses | (87,647) | - | **(87,647)** |

| | Other intangible assets | Goodwill | Total |
|---|---|---|---|
| **NET BOOK VALUE** | **15,712** | **326,421** | **342,133** |
| **At 31 December 2023** | | | |
| Cost | 108,208 | 326,421 | **434,629** |
| Accumulated amortization and impairment losses | (92,510) | - | **(92,510)** |
| **NET BOOK VALUE** | **15,697** | **326,421** | **342,118** |

*Other intangible assets*, amounting to € 15,697 thousand at 31 December 2023 (€ 15,712 thousand in 2022), mainly consist of investments in software carried out as part of the projects aimed at upgrading and enhancing the company IT systems. The additions from acquisitions for the year, equal to € 4,848 thousand, were due almost entirely to the investments in software used in the company IT systems.

Software purchase costs are amortized on a straight-line basis over their expected useful life of 5 years. During the year, neither revaluations nor impairment of intangible assets were recognized.

Amortization allowances for the year amounted to € 4,863 thousand compared to € 4,734 thousand in the previous year.

Backlog, stated among other intangible assets, amounted to € 1,676 thousand at 31 December 2023 (€ 1,916 thousand at 31 December 2022).

At 31 December 2023 goodwill amounted to € 326,421, without reporting any changes during 2023.

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** | **16,262** | **326,421** | **342,683** |
| Additions from acquisitions | 4,189 | | **4,189** |
| Impairment losses | (5) | | **(5)** |
| Amortization for the year | (4,734) | | **(4,734)** |
| **At 31 December 2022** | **15,712** | **326,421** | **342,133** |
| **At 1 January 2022** | | | |
| Cost | 99,171 | 326,421 | 425,592 |
| Accumulated amortization and impairment losses | (82,908) | - | (82,908) |
| **NET BOOK VALUE** | **16,262** | **326,421** | **342,683** |
| **At 31 December 2022** | | | |
| Cost | 103,360 | 326,421 | 429,781 |
| Accumulated amortization and impairment losses | (87,647) | - | (87,647) |
| **NET BOOK VALUE** | **15,712** | **326,421** | **342,133** |

## 7. IMPAIRMENT TEST OF GOODWILL

Pursuant to IAS 36, goodwill is not amortized for accounting purposes, but is tested for any possible impairment on an annual basis, or should specific events or circumstances arise which provide evidence of this impairment. 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 goodwill net book value and the recoverable value of the individual CGUs/SBUs, to which it was allocated, as determined on the basis of discounting the expected future cash flows referring to the period 2024-2028, extrapolated from the Rekeep Group's Business Plan.

The five-year Business Plan (2024-2028) used for the analyses described herein, prepared on the basis of the three-year Business Plan (2024-2026) approved by the Board of Directors' meeting of Rekeep S.p.A. held on 16 February 2024, was approved by the Board of Directors' meeting of Rekeep S.p.A., for impairment test purposes only, held on 21 March 2024.

Goodwill, which consists of the sum of individual items of goodwill recognized over the years following the various business combinations (subject to IFRS 3) carried out by the Company, is allocated in full to the Facility Management CGU and amounted to € 326,421 thousand at 31 December 2023. It is the result of the various business combinations carried out by the Company since its incorporation in 2003, as described below:

- 'Palladio' contribution, by which the newly-established Company in 2003 acquired control over the business unit for technical services of facility management, previously operated by the controlling company MSC Società di Partecipazione tra Lavoratori S.p.A. (€ 23,846 thousand);
- Merger by incorporation of subsidiary Building Service Management S.r.l. with statutory, accounting and tax effects running from 1 January 2006 (€ 1,189 thousand);
- Merger by incorporation of subsidiary Minati Service S.r.l. with statutory, accounting and tax effects running from 1 January 2008 (€ 739 thousand);
- Merger by incorporation of subsidiary Teckal S.p.A., with statutory, accounting and tax effects running from 1 January 2010, by which the Company strengthened the production structure of traditional facility management, in particular as regards heat management services. This transaction gave rise to goodwill of € 52,386 thousand;
- Merger by incorporation of direct subsidiary Altair IFM S.p.A., which in turn is the controlling company of Gestin Facility S.p.A., with statutory, accounting and tax effects running from 1 January 2010, which allowed the Company to balance its client portfolio towards large private customers. The transaction gave rise to goodwill stated for € 210,489 thousand;
- Transfer of the "Telecom" business unit, by which on 1 October 2014 the Company acquired control over the technical services of facility management at customer Telecom Italia, which had been previously operated by subsidiary Manutencoop Private Sector Solutions S.p.A., which is now known as H2H Facility Solutions S.p.A. (€ 4,589 thousand);
- Reverse merger of the parent company CMF S.p.A. by incorporation into subsidiary Rekeep S.p.A., with statutory, accounting and tax effects running from 1 July 2018. The transaction, which is an "Operation Under Common Control" since it was carried out between jointly-controlled entities, gave rise to the recognition of a merger deficit among assets

up to the full amount of that recognized in the Consolidated Financial Statements, which included the companies involved in the merger, i.e. those of MSC Società di Partecipazione tra Lavoratori S.p.A. (€ 33,183 thousand).

The estimated value in use of Facility Management CGU at 31 December 2023 is 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 assumption of renewals and new portfolio acquisitions,
  - estimates of changes in Net Working Capital estimated 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 trend in 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;
- the expected future cash flows were discounted back at a discount rate (WACC) of 9.25% (2022: 9.14%). 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. 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 in each period of time.

For the CGU under consideration, the analysis confirmed that the recoverable value exceeds the associated carrying amount, therefore not requiring any write-downs. On a prudential basis, "Worst Case" scenarios 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. In simulating nil or negative growth rates, also in combination with WACC exceeding by one percentage point those applied (and, then, equal to 10.25%) there would be no need to make write-downs in both CGUs/SBUs, as the recoverable value would exceed the related book value.

## 8. INVESTMENTS IN SUBSIDIARIES, JOINT VENTURES AND ASSOCIATES

The Company directly holds some equity investments in subsidiaries, joint ventures and associates which are valued at cost in the separate financial statements.

The table below summarizes the information regarding their name, registered office and the amount of share capital held, corresponding to the percentage of votes held at shareholders' meetings, as at 31 December 2023:

| ***DIRECTLY-CONTROLLED COMPANIES*** ***Name*** | **Registered office** | **Ownership %** |
|---|---|---|
| ALISEI S.r.l. in liquidation | Modena (MO) | 100% |
| Cefalù Energia S.r.l. | Zola Predosa (BO) | 100% |
| Consorzio Igiene Ospedaliera Soc.Cons. a r.l. in liquidation | Zola Predosa (BO) | 66.66% |
| Consorzio Sermagest Soc.Cons. r.l. in liquidation | Rome (RM) | 60% |
| DUC GESTIONE Sede Unica Soc. Cons. a r.l. | Zola Predosa (BO) | 71% |
| Ferraria Soc. Cons. a r.l. | Zola Predosa (BO) | 69% |
| Global Oltremare Soc. Cons. a r.l. in liquidation | Zola Predosa (BO) | 60% |
| Gymnasium Soc.Cons. a r.l. in liquidation | Zola Predosa (BO) | 68% |
| H2H Facility Solutions S.p.A. | Zola Predosa (BO) | 100% |
| Infrastrutture Lombardia Servizi Soc. Cons. a r.l. | Zola Predosa (BO) | 60% |
| ISOM Gestione Soc. Cons. a r.l. | Zola Predosa (BO) | 52.97% |
| ISOM Lavori Soc. Cons. a r.l. | Zola Predosa (BO) | 62.71% |
| Kanarind Soc. Cons. a r.l. | Zola Predosa (BO) | 62.43% |
| M.S.E. Soc. Cons. r.l. in liquidation (*) (***) | Zola Predosa (BO) | 56% |
| MCF Servizi Integrati Soc. Cons. a r.l. in liquidation | Zola Predosa (BO) | 60% |
| Palmanova servizi energetici Soc.Cons. a r.l. in liquidation | Zola Predosa (BO) | 60% |
| Progetto Sintesi Soc. Cons. a r.l. (**) | Zola Predosa (BO) | 60% |
| Rekeep Digital S.r.l. | Zola Predosa (BO) | 100% |
| Rekeep Rail S.r.l. | Zola Predosa (BO) | 100% |
| Rekeep World S.r.l. | Zola Predosa (BO) | 100% |
| S.AN.GE Soc. Cons. a r.l. | Milan (MI) | 100% |
| San Gerardo Servizi Soc. Cons. a r.l. | Zola Predosa (BO) | 60% |
| Servizi Brindisi Soc.Cons. a r.l. | Zola Predosa (BO) | 52% |
| Servizi Ospedalieri S.p.A. | Ferrara (FE) | 100% |
| Telepost S.r.l. | Zola Predosa (BO) | 100% |
| Treviso GS4 Soc. Cons. a r.l. | Zola Predosa (BO) | 50.10% |
| Yougenio S.r.l. in liquidation | Zola Predosa (BO) | 100% |

(*) Indirect 11% quota held by Rekeep Digital S.r.l.
(**) Indirect 25% quota held by Servizi Ospedalieri S.p.A.
(***) Quotaholders' meeting for completion of liquidation held on 21.12.202
11.01.2024

| ***JOINT VENTURES***<br>***Name*** | **Registered office** | **Ownership %** |
|---|---|---|
| CO. & MA. Società Consortile a r.l. in liquidation (*) | Tremestieri Etneo (CT) | 50% |
| Legnago 2001 Soc.Cons. a r.l. in liquidation | Zola Predosa (BO) | 50% |

(*) Quotaholders' meeting for completion of liquidation held on 29.12.2023;
cancellation from the Chamber of Commerce (CCIAA) register in 2024

| ***ASSOCIATES***<br>***Name*** | **Registered office** | **Ownership %** |
|---|---|---|
| 2High S.r.l. | Bologna (BO) | 20.09% |
| Arienes Soc. Cons. a r.l. | Reggio Emilia (RE) | 35% |
| Bologna Global Strade soc.cons. r.l. in liquidation (*) | Sasso Marconi (BO) | 59.65% |
| Centro Europa Ricerche s.r.l. | Rome (RM) | 21.38% |
| Fondazione Ricerca Scienze Neurologiche Azienda USL di Bologna E.T.S. | Bologna (BO) | 21.08% |
| Gestione Strade Soc. Cons. a r.l. | Parma (PR) | 25.00% |
| Global Vicenza soc.cons. a r.l. | Concordia sulla Secchia (MO) | 41.25% |
| GR.A.AL. Soc. Cons. r.l. | Bologna (BO) | 29.93% |
| Imola Verde e sostenibile  Soc. Cons a r.l. | Borgo Tossignano (BO) | 30% |
| Logistica Ospedaliera Soc. Cons a r.l. | Caltanissetta (CL) | 45% |
| Newco DUC Bologna S.p.A. | Bologna (BO) | 44.81% |
| Roma Multiservizi S.p.A. in liquidation (**) | Rome (RM) | 45.47% |
| S.E.I. Energia Soc.Cons. r.l. | Palermo (PA) | 49% |
| Servizi Napoli 5 Soc. Cons. a r.l. | Zola Predosa (Bo) | 45% |
| Toscana Energia Nord Ovest (T.E.N.OV.) S.r.l. | Sesto Fiorentino (FI) | 45% |

(*) Quotaholders' meeting for completion of liquidation held on 28.12.2023;
cancellation from the Chamber of Commerce (CCIAA) register in 2024
(**) In liquidation as from 18.01.2024

Below are the changes for the year recorded in equity investments in Subsidiaries, Joint Ventures and Associates:

| ***DIRECTLY-CONTROLLED COMPANIES*** | **1 January 2023** | **Increases** | **Disposals/ Liquidation** | **Write-downs** | **Other changes** | **31 December 2023** |
|---|---|---|---|---|---|---|
| Alisei S.r.l. in liquidation | - | - | - | - | - | - |
| Cefalù Energia S.r.l. | 1,060 | - | - | - | - | 1,060 |
| Co.Ge.F. Soc.Cons. a r.l. in liquidation | 8 | - | (8) | - | - | - |

| *DIRECTLY-CONTROLLED COMPANIES* | 1 January 2023 | Increases | Disposals/ Liquidation | Write-downs | Other changes | 31 December 2023 |
|---|---|---|---|---|---|---|
| Consorzio Sermagest Soc.Cons. r.l. in liquidation | - | - | - | - | - | - |
| Consorzio Igiene Ospedaliera Soc.Cons. a r.l. in liquidation | 7 | - | - | - | - | 7 |
| Consorzio Servizi Toscana s.cons.r.l. | 6 | - | (6) | - | - | - |
| Duc Gestione sede unica Soc. Cons.a r.l. | - | 128 | - | - | 10 | 138 |
| Ferraria Soc. Cons. a r.l. | 7 | - | - | - | - | 7 |
| Global Oltremare Soc. Cons. a r.l. in liquidation | 6 | - | - | - | - | 6 |
| Gymnasium s.cons.r.l. in liquidation | 7 | - | - | - | - | 7 |
| H2H Facility Solutions S.p.A. | 12,771 | - | - | - | - | 12,771 |
| Infrastrutture Lombardia Servizi Soc. Cons. a r.l. | 6 | - | - | - | - | 6 |
| ISOM Gestione Soc. Cons. a r.l. | 5 | - | - | - | - | 5 |
| ISOM Lavori Soc. Cons. a r.l. | 6 | - | - | - | - | 6 |
| Kanarind Soc. Cons. a r.l. | 6 | - | - | - | - | 6 |
| Logistica Sud Est Soc. Cons. a r.l. | 6 | - | (6) | - | - | - |
| M.S.E. Soc. Cons. r.l. in liquidation | 5 | - | - | - | - | 5 |
| MCF Servizi Integrati Soc. Cons. a r.l. in liquidation | 6 | - | - | - | - | 6 |
| Palmanova servizi energetici Soc.Cons a r.l. in liquidation | 6 | - | - | - | - | 6 |
| Progetto Sintesi Soc. Cons. a r.l. | 52 | - | - | - | - | 52 |
| Rekeep Digital S.r.l. | 1,510 | - | - | - | - | 1,510 |
| Rekeep Rail S.r.l. | 1,166 | - | - | - | - | 1,166 |
| Rekeep World S.r.l. | 32,214 | 25,000 | - | - | - | 57,214 |
| S.AN.CO. Soc. Cons. a r.l. in liquidation | 5 | - | (5) | - | - | - |
| S.AN.GE Soc. Cons. a r.l. | 1,109 | - | - | - | - | 1,109 |
| San Gerardo Servizi Soc. Cons. a r.l. | 6 | - | - | - | - | 6 |
| Servizi Brindisi Soc. Cons. a r.l. | 5 | - | - | - | - | 5 |
| Servizi Ospedalieri S.p.A. | 80,570 | - | - | - | - | 80,570 |
| Telepost S.r.l. | 7,299 | - | - | (6,810) | - | 489 |
| Treviso GS4 Società Consortile a r.l. | 10 | - | - | - | - | 10 |
| Yougenio s.r.l. in liquidation | - | - | - | - | - | - |
| **TOTAL SUBSIDIARIES** | **137,864** | **25,128** | **(25)** | **(6,810)** | **10** | **156,167** |

| *JOINT VENTURES* | 1 January 2023 | Increases | Disposals/ Liquidation | Write-downs | Other changes | 31 December 2023 |
|---|---|---|---|---|---|---|
| CO. & MA. Società Consortile a r.l. in liquidation | 5 | | | | | 5 |
| Duc Gestione sede unica Soc. Cons.a r.l. | 10 | | | | (10) | - |
| Legnago 2001 Soc. Cons a r.l. in liquidation | 5 | | | | | 5 |
| Servizi Sportivi Brindisi Soc. Cons. a r.l. in liquidation | 5 | | (5) | | | - |
| **TOTAL JOINT-VENTURES** | **25** | **-** | **(5)** | **-** | **(10)** | **10** |

| *ASSOCIATES* | 1 January 2023 | Increases | Disposals/ Liquidation | Write-downs | Other changes | 31 December 2023 |
|---|---|---|---|---|---|---|
| 2High S.r.l. | 90 | | | | | 90 |
| Arienes Soc. Cons. a r.l. | 17 | | | | | 17 |
| Bologna Global Strade Soc.Cons. r.l. in liquidation | 61 | | | | | 61 |
| Centro Europa Ricerche s.r.l. | 69 | | | | | 69 |
| Fondazione Ricerca Scienze Neurologiche Azienda USL di Bologna E.T.S. | 35 | | | | | 35 |
| Gestione Strade Soc. Cons. r.l. | 13 | | | | | 13 |
| Global Vicenza Soc.Cons. a r.l. | 4 | | | | | 4 |
| GR.A.AL. Soc. Cons. r.l. | 3 | | | | | 3 |
| Imola Verd e Sostenibile Soc. Cons. a r.l. | 6 | | | | | 6 |
| Logistica Ospedaliera Soc. Cons a r.l. | 5 | | | | | 5 |
| Newco DUC Bologna S.p.A. | 1,004 | 1,595 | | | | 2,599 |
| Roma Multiservizi S.p.A. in liquidation | 1,790 | | | (357) | (300) | 1,133 |
| S.E.I. Energia Soc.Cons. a r.l. | 5 | | | | | 5 |
| Servizi Napoli 5 Soc. Cons. a r.l. | 5 | | | | | 5 |
| Toscana Energia Nord Ovest (T.E.N.OV.) S.r.l. | - | 450 | | | | 450 |
| **TOTAL ASSOCIATES** | **3,106** | **2,045** | **-** | **(357)** | **(300)** | **4,495** |

| | 1 January 2023 | Increases | Disposals/ Liquidation | Write-downs | Other changes | 31 December 2023 |
|---|---|---|---|---|---|---|
| ***TOTAL SUBSIDIARIES, JOINT-VENTURES, AND ASSOCIATES*** | **140,995** | **27,173** | **(30)** | **(7,167)** | **(300)** | **160,671** |

The main changes which occurred during the year are as follows:

### *Yougenio S.r.l.*

In previous years, the carrying amount of the investment, equal to € 2,629 thousand, was fully written down as it was considered that the losses accrued were permanent and not recoverable.

Yougenio S.r.l. was established in 2016 and its corporate purpose consists of "*business to consumer*" (B2C) services, provided to private consumers through an e-commerce platform. The company business saw a period of start-up of operations until the 2019 financial year, at the end of which the management assessed the investment as non-strategic in this market segment, which did not show the expected synergies with the more traditional facility management activities carried out by the other entities in the Group controlled by Rekeep S.p.A.. Despite the interesting potential of the target market, particularly in the fast-growing sector of small accommodation facilities, the rise in volumes needed to reach breakeven would have required a further step to increase fixed costs and investments in order to maintain a high level of service delivery as volumes grew. In addition, the Covid-19 health emergency and the consequent lockdown have substantially reduced the tourism market to zero and consequently have minimized the demand from the segment of small accommodation facilities, as well as any orders from B2C, leading to a concurrent dramatic reduction in Yougenio's business volumes. Therefore, during May 2020, the company's online services were suspended, appropriate considerations were made about the time required in order for the target markets to recover and any possible option was assessed for the Group's exit from the B2C and small accommodation facilities market. On 22 September 2020 the company was put into liquidation .

### *Rekeep World S.r.l.*

During the year, the Company proceeded with the recapitalization of its subsidiary for a total of € 25,000 thousand through a waiver of the credit related to the existing financial current account.

### *DUC GESTIONE Sede Unica Soc. Cons. 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, Rekeep S.p.A. in 2004 for the design, construction and operation of the real estate complex comprising the "Unified Services Headquarters of the Municipality of Bologna."

Rekeep S.p.A. participated in the auction jointly with C-Holding S.r.l., which was also a former 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., for a consideration of € 128 thousand paid to the transferor, thus increasing its percentage from 49% to 71% and gaining control over the company.

### *Newco DUC Bologna S.p.A.*

The increase in the investment, equal to € 1,595 thousand, from 24.90% to 44.81%, took place in two successive stages: (i) following the acquisition of shares equal to 8.12% of the company, at a price of € 735 thousand, from CCC Società Cooperativa on 25 January 2023, and (ii) following Rekeep S.p.A.'s 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, as described above. The latter transaction was completed with the transfer of 11.79% of shares of Newco DUC Bologna S.p.A. on 6 July 2023 at a price of € 857 thousand. The Company 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 by a notarial deed.

### *Toscana Energia Nord Ovest (T.E.N.OV.) S.r.l.*

The company was established on 23 June 2023 to award the service of improving the energy performance of hospital and social-healthcare facilities of the Tuscany Local Health Unit USL Nord - Ovest under an energy performance contract to be signed with an Energy Service Company (Esco).

The Company has paid € 450 thousand corresponding to 45% of its quota capital.

### *Co.Ge.F. Soc.Cons. a r.l. in liquidation*

The decrease of € 8 thousand is to be attributed to the completion of the liquidation and the related cancellation from the register of companies, which took place on 27 December 2023.

It should be noted that the liquidation distribution plan generated tax receivables still to be settled, which will be assigned to quotaholders upon the subsequent collection in the amount of € 32 thousand.

### *Consorzio Servizi Toscana Soc. Cons.r.l. in liquidation*

The decrease of € 6 thousand is to be attributed to the completion of the liquidation and the related cancellation from the register of companies, which took place on 13 December 2023.

### *Logistica Sud-Est Soc. Cons. r.l. in liquidation*

The decrease of € 6 thousand is to be attributed to the completion of the liquidation and the related cancellation from the register of companies, which took place on 27 December 2023.

It should be noted that the liquidation distribution plan has generated tax receivables still to be settled, which will be assigned to quotaholders upon the subsequent collection in the amount of € 33 thousand.

### *S.AN.CO. Soc. Cons. a r.l. in liquidation*

The decrease of € 10 thousand is to be attributed to the completion of the liquidation and the related cancellation from the register of companies, which took place on 27 December 2023.

It should be noted that the liquidation distribution plan has generated tax receivables still to be settled, which will be assigned to quotaholders upon the subsequent collection in the amount of € 117 thousand and a profit from investment of € 376 thousand.

*Servizi Sportivi Brindisi Soc. Cons. a r.l. in liquidation*

The decrease of € 5 thousand is to be attributed to the completion of the liquidation and the related cancellation from the register of companies, which took place on 9 June 2023.

*Telepost S.r.l.*

The value of the investment was written down by € 6,810 thousand during the year.

*Roma Multiservizi S.p.A. in liquidation*

The value of the investment was written down by € 357 thousand during the year.

### Other investments

| | 31 December 2023 | 31 December 2022 |
|---|---|---|
| Other investments | 5,980 | 5,980 |
| **TOTAL** | **5,980** | **5,980** |

Investments in companies in which the Company has no significant or controlling interests were acquired for strategic/production purposes. There are also investments relating to production sites, or in other minor activities, performed by minor companies that may also act as sub-contractors. Minority interests are also held in project finance companies.

This item was valued at purchase or establishment cost since there is no active market in these securities, which, for the most part cannot be even freely transferred to third parties because they are subject to rules and covenants that actually prevent their free circulation. In any case, it is believed that this valuation method provides an adequate measure of the stock's fair value.

No changes were reported compared to the previous year.

## 9. NON-CURRENT FINANCIAL ASSETS

The table below sets forth the breakdown of non-current financial assets at 31 December 2023 and at 31 December 2022:

| | 31 December 2023 | 31 December 2022 |
|---|---|---|
| Loans to Group companies | 31,769 | 33,283 |
| Loans to third parties | 166 | 166 |
| Other financial assets | 4,541 | 4,601 |
| Financial assets held to maturity | 1,000 | 17,855 |
| **TOTAL NON-CURRENT FINANCIAL ASSETS** | **37,476** | **55,904** |

The balance is mainly composed of loans granted to some investee companies. Some of these are non-interest bearing loans as they are disbursed pro-quota by each member of the consortium and, therefore, they are discounted on the basis oftheir expected residual term, applying as the reference interest rate the Eurirs plus a spread. The discounted value of non-interest bearing loans at year-end amounted to € 1,353 thousand (€ 1,349 thousand in 2022), net of a provision for discounting-back equal to € 35 thousand (€ 24 thousand in 2022).

In particular, the item includes the subordinated loan in favor of subsidiary Servizi Ospedalieri S.p.A., equal to € 30 million at 31 December 2023 (unchanged compared to 2022), in addition to the long-term receivable of € 2,357 thousand (unchanged compared to 2022), relating to the deferred price paid on the sale of MFM Capital S.r.l. to 3i European Operational Projects SCSp in 2018. This receivable will be collected upon the completion of the phases of incorporation of some project finance companies subject to transfer.

The item also includes an amount of € 2,000 thousand (unchanged compared to 31 December 2022) relating to the escrow account deposit provided to Elba S.p.A. (a company that issued sureties in favor of Rekeep for tendering) as exclusive security for the reimbursement to the company of the amount it would have to pay by way of execution of one or more of the sureties.

Finally, the item also includes securities held to maturity for € 1,101 thousand (unchanged compared to 31 December 2022).

Among other main changes compared to the previous year are:

- a decrease of € 861 thousand for the repayment of the loan disbursed to S.AN.CO. Soc. Cons. a r.l. in liquidation following the completion of the procedure itself;
- a decrease of € 336 thousand for the repayment of the loan disbursed to Bologna Global Strade Soc. Cons. a r.l. in liquidation on 29 June 2023;
- a decrease of € 154 thousand in the loan disbursed in favor of Progetto Sintesi on 5 July 2022, which was due to the partial repayment on 26 June 2023 and for € 156 thousand to the reclassification of the portion due within 12 months and the portion due beyond 5 years;
- a decrease of € 16,855 thousand in bank guarantees granted by Deutsche Bank to Edison Energia S.p.A. and Axpo Italia S.p.A. (on behalf of the Subsidiary ISOM Gestione Soc. Cons. a r.l.), as security for the correct and proper performance of the obligations arising from the gas supply contracts signed with them. It should be noted that an amount of € 12,350 thousand of the decrease was reclassified to current financial receivables (guarantees due 31 March 2024 but released on 9 February 2024).

## 10. OTHER NON-CURRENT ASSETS

| | 31 December 2023 | 31 December 2022 |
|---|---|---|
| Receivables for caution money | 1,472 | 1,511 |
| Other prepaid expenses | 498 | 312 |
| Other receivables | 614 | 312 |
| **TOTAL OTHER NON-CURRENT FINANCIAL ASSETS** | **2,584** | **2,134** |

Other non-current assets mainly consist of security deposits related to certain commercial contracts, as well as of prepaid expenses on long-term insurance policies and loans granted to employees.

## 11. INVENTORIES

| | 31 December 2023 | 31 December 2022 |
|---|---|---|
| Raw materials (at cost) | 237 | 345 |
| **TOTAL** | **237** | **345** |

The final inventories of raw materials are mainly composed of stock of fuel in tanks belonging to customers who entrusted the Company with heat management services .

## 12. TRADE RECEIVABLES AND ADVANCES TO SUPPLIERS

Trade receivables net of provisions for discounting-back and depreciation, are broken down as follows:

| | 31 December 2023 | of which from related parties | 31 December 2022 | of which from related parties |
|---|---|---|---|---|
| Trade receivables, gross | 192,873 | 7,916 | 225,251 | 3,674 |
| Allowance for doubtful accounts | (13,090) | | (12,320) | |
| Advances to suppliers | 5,393 | | 4,880 | |
| **Trade receivables from third parties** | **185,176** | **7,916** | **217,810** | **3,674** |
| Contract assets | 29,155 | 1,353 | 32,271 | 396 |
| **Contract assets** | **29,155** | | **32,271** | |

| | 31 December 2023 | of which from related parties | 31 December 2022 | of which from related parties |
|---|---|---|---|---|
| Trade receivables from Parent Companies | 14 | 14 | 30 | 30 |
| Trade receivables from subsidiaries | 54,811 | 54,811 | 57,632 | 57,632 |
| Trade receivables from Joint Ventures | 158 | 158 | 7,243 | 7,243 |
| Trade receivables from associates | 24,433 | 24,433 | 25,752 | 25,752 |
| Trade receivables from affiliates | 28 | 28 | 51 | 51 |
| **Trade receivables from the MSC Group** | **79,443** | **79,443** | **90,708** | **90,708** |
| **TRADE RECEIVABLES AND ADVANCES TO SUPPLIERS** | **293,775** | **87,360** | **340,789** | **94,382** |

The balance of trade receivables and advances to suppliers, which also includes contract assets, amounted to € 293,775 thousand at 31 December 2023, showing a decrease of € 47,014 thousand compared to the amount at 31 December 2022, equal to € 340,789 thousand.

The change in question was mainly due to a decrease of € 32,377 thousand in trade receivables from third parties and of € 11,264 thousand in receivables from MSC Group companies, as well as to a decrease in contract assets for € 3,116 thousand. To these decreases must also be added an increase in the provision for bad debts for € 770 thousand.

In 2023 the Company continued to hold contracts for the assignment without recourse of trade receivables for the conversion into cash of receivables from third parties, including the maturity factoring agreement without recourse signed by the Company and the subsidiary Servizi Ospedalieri S.p.A. with BFF Bank S.p.A. (formerly Bancafarmafactoring S.p.A.) and renewed on 14 January 2022, concerning the assignment on a revolving basis of receivables the said companies claimed from Entities in the National Health System and Public Authorities, in an amount of up to € 300 million. It should be noted that as at the date of preparation of these financial statements, the contract under review was amended on 31 January 2024 with an expiry date on 25 January 2028. Furthermore, there are 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 Company made assignments of trade receivables amounting to € 228,467 thousand, of which the balance that the factoring companies had not yet collected from the customer amounted to € 43,909 thousand (€ 317,287 thousand and € 77,013 thousand in 2022, respectively).

In all assignments, the receivables were subjected to derecognition according to IFRS 9 in consideration of the characteristics of the transactions and entailed interest discount costs equal to € 2,349 thousand and credit discount costs of € 105 thousand. Trade receivables generally have contractual maturities of between 30 and 90 days. Most of the customers are either Public Authorities, Local Authorities, Local Health Authorities and Hospitals, who are notorious for payment delays.

With respect to non-performing loans which are difficult to recover in full, a provision for bad debts was set aside, amounting to € 13,090 thousand at 31 December 2023 (€ 12,320 thousand at 31 December 2022) which is regarded as being fair with respect to the litigation known as at the reporting date.

| | 31 December 2022 | Increases | Uses | Releases | Others | 31 December 2023 |
|---|---|---|---|---|---|---|
| **Provision for bad debts** | 12,320 | 2,997 | (1,932) | (314) | 19 | 13,090 |

For more details on the terms and conditions relating to receivables from related parties, reference should be made to note 35.

The table below shows the analysis of trade receivables from third parties in terms of past due amounts, net of the write-down provision outstanding as at 31 December 2023:

| | 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** | 179,783 | 155,420 | 6,554 | 3,330 | 1,499 | 1,187 | 11,793 |
| **31 December 2022** | 212,930 | 187,040 | 8,601 | 2,753 | 2,187 | 1,514 | 10,836 |

On the basis of the historical performance of the debtors, the incidence of the credit risk is low, while the risk of delayed payment is higher given that said receivables are predominantly claimed from Public Authorities.

## 13. OTHER CURRENT ASSETS

| | 31 December 2023 | 31 December 2022 |
|---|---|---|
| Receivables from employees | 37 | 26 |
| Advances to suppliers | 1,795 | 1,341 |
| Due from social security institutions | 93 | 131 |
| Due from parent company | 16 | 29 |
| Due from subsidiaries | 9,026 | 5,881 |
| Due from associates | 195 | 220 |
| Due from INPDAP | 2,200 | 2,171 |
| Due from INAIL | 937 | 1,105 |
| Due for VAT | 1,540 | 1,162 |
| Sundry receivables from others | 4,097 | 4,497 |
| Due from tax authorities | 331 | 331 |
| Tax credit to be offset | 191 | 20,449 |
| Receivables for caution money for heat management contracts | 3,200 | 6,050 |
| **OTHER CURRENT ASSETS** | **23,658** | **43,394** |

The amount of € 2,200 thousand reported for amounts "due from INPDAP" (€ 2,171 thousand at 31 December 2022) refers to the balance of current accounts held at Unicredit, managed in their own name and on behalf of INPDAP (Social Security Institution for employees in public administration), as provided for in a property contract entered into with the aforementioned authority by B.S.M. S.r.l., which was then merged by incorporation in 2006. At present some restrictions have been placed on said accounts as a result of the dispute that has arisen with INPDAP, which led the Company to allocating a provision for bad debts to cover the related risk under item *Provisions for future risks and charges* in 2021. Therefore, for the purposes of a proper presentation, it was deemed appropriate to classify said item under *Other current assets* rather than among cash and cash equivalents.

It should be noted that sundry receivables are recognized net of the provision for bad debts of € 715 thousand (€ 700 thousand at 31 December 2022) set aside following specific analysis of these accounts; the provision did not record any significant change during the year.

In addition to the events referred to above, the main changes compared to the previous year were stated as follows:

- Tax credit to be offset: the decrease of € 20,259 thousand was determined by the use of the amount recognized in the previous year, following the various regulatory measures that were issued between 2022 and 2023, to partially offset the higher charges incurred for the purchase of electricity and natural gas, and the conclusion of the relevant regulatory measures as from 1 July 2023. For more details on this receivable, reference should be made to the paragraph on "Consumption of raw materials and consumables";
- Receivables for caution money for heat management contracts: the decrease of € 2,850 thousand refers to the partial reimbursement of the amount paid to a supplier, during the previous year, as a non-interest-bearing short-term security deposit on annual electricity utility contracts. These security deposits were recognized in response to abnormal market trends and the supplier's need to procure in advance the amount of energy to be supplied to the Company;
- Receivables from subsidiaries: up by a total of € 3,144 thousand for receivables from Treviso GS4 Soc.Cons. a r.l. and Progetto Sintesi Soc. Cons. a r.l.;
- VAT receivables: there was an increase of € 378 thousand; during 2023 VAT credit refunds were requested for 2022 for € 8,999 thousand, which arose under the annual 2023 VAT return filed on 23 March 2023, as were VAT credits accrued on a quarterly basis for a total of € 12,037 thousand. Assignments were also made without recourse on VAT receivables for a total of € 18,654 thousand;
- Sundry receivables from others: the item showed a decrease of € 400 thousand compared to the previous year, and mainly included a receivable of € 1,050 thousand for the *Conciliamo* grant provided in 2022, but not yet collected, by the Department for Family Policies of the Presidency of the Council of Ministers aimed at supporting the implementation of company welfare projects, which allow employers to develop actions in favor of their workers in order to support their needs and those of their families. This receivable amounted to € 1,050 thousand at 31 December 2023 (unchanged compared to 31 December 2022).

## 14. CURRENT FINANCIAL ASSETS

| | 31 December 2023 | 31 December 2022 |
|---|---|---|
| Global Provincia Rimini Soc. Cons. a r.l. in liquidation | - | 70 |
| Gymnasium Soc.cons. a r.l. in liquidation | 8 | 8 |
| Gestlotto6 Soc.cons. a r.l. in liquidation | 5 | 5 |
| **Intercompany receivables from companies in liquidation** | **13** | **82** |
| Servizi Ospedalieri S.p.A. | 17,349 | 19,224 |
| S.AN.GE Soc. Cons. a r.l. – Sole-Quotaholder company | 5,989 | 5,699 |
| Rekeep World S.r.l. | 21,318 | 29,639 |
| Rekeep Digital S.r.l. | 1,557 | 2,350 |
| H2H Facility Solutions S.p.A. | 4,496 | 3,341 |
| Cefalù Energia S.r.l. | 78 | 84 |
| **Receivables from intercompany financial current accounts** | **50,927** | **60,336** |
| Karabak Soc. Cons. a r.l. | 4 | 4 |
| Progetto ISOM Soc. Cons. a r.l. | 90 | 190 |
| **Dividends to be collected** | **94** | **194** |
| **Interest-bearing loan - Parent Company MSC** | **-** | **126** |
| **Intercompany interest-bearing loans** | **189** | **531** |
| **Receivables from exclusion from membership in non-group investments** | **141** | **-** |
| **Receivables from factoring agencies** | **119** | **119** |
| **Dividends to be collected** | **530** | **4,301** |
| **Receivables from others** | **101** | **259** |
| **TOTAL CURRENT FINANCIAL ASSETS** | **64,322** | **65,949** |

This item mainly includes financial current accounts held with Group companies, whereby financial relations are settled. The balance in these financial current accounts accrues interest at the 3-month or 6-month EURIBOR plus a spread; the loan is repayable on demand and expires on an annual basis, except where tacitly renewed.

"Current financial assets" showed a balance of € 64,332 thousand. The change during the year was mainly due to:

- a decrease of € 1,875 thousand in the balance of the interest-bearing loan held with subsidiary Servizi Ospedalieri S.p.A.;
- a decrease of € 8,321 thousand from the balance of the financial current account held with subsidiary Rekeep World S.r.l.;
- an increase of € 12,350 thousand as a result of the reclassification from current financial receivables of bank guarantees (expiring on 31 March 2024) provided by Deutsche Bank in favor of Edison Energia S.p.A. and Axpo Italia S.p.A. (on

behalf of subsidiary ISOM Gestione Soc. Cons. a r.l.), as security for the correct and proper fulfillment of the obligations arising from the gas supply contracts entered into with them;

- a decrease of € 126 thousand for the reimbursement of the amount receivable for interest on the interest-bearing upstream loan disbursed to the Parent Company MSC Società di Partecipazione tra Lavoratori S.p.A. (the loan had been already repaid during 2022);
- a decrease of € 3,771 thousand in “Receivables from factoring agencies”, consisting of the balance of pledged accounts used to manage the collection service.

## 15. CASH AND CASH EQUIVALENTS

| | 31 December 2023 | 31 December 2022 |
|---|---|---|
| Bank deposits on demand and cash on hand | 32.420 | 54.331 |
| Consortia – financial current accounts | 228 | 960 |
| **TOTAL CASH AND CASH EQUIVALENTS** | **32.648** | **55.291** |

Bank deposits accrue interest at the respective short-term interest rates.

Some financial current accounts are in place with some national consortia, such as Consorzio Cooperative Costruzioni and Consorzio Integra, having the nature of available current accounts on which interest accrues. The fair value of cash and cash equivalents is € 32,648 thousand (€ 55,291 thousand at 31 December 2022).

## 16. 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 Euro 1 each.

Ordinary shares issued and fully paid up at 31 December 2023 amounted to 109,149,600. The Company does not hold own shares.

## Reserves and Retained Earning

The table below shows changes in shareholders' equity reserves:

| | Share premium reserve | Legal reserve | Other reserves | Total reserves | Retained profit/losses |
|---|---|---|---|---|---|
| **At 1 January 2022** | **145,018** | **21,830** | **(114,081)** | **52,767** | **(62,590)** |
| Allocation of profits of previous years | | | | **-** | (12,789) |
| Business combinations "Under Common Control" | | | (6,866) | **(6,866)** | |
| Economic effects accounted on equity | | | 290 | **290** | |
| **At 31 December 2022** | **145,018** | **21,830** | **(120,658)** | **46,190** | **(75,379)** |
| Allocation of profits of previous years | | | | **-** | 40,783 |
| Business combinations "Under Common Control" | | | (167) | **(167)** | |
| Economic effects accounted on equity | | | 7 | **7** | |
| **At 31 December 2023** | **145,018** | **21,830** | **(120,818)** | **46,030** | **(34,596)** |

As from 2019 "Other reserves" include the accounting effects originated following the adoption of the new IFRS 16 – Leases, using the "Modified retrospective approach", providing for the retrospective application to the agreements previously classified as "operating leases", recognizing the cumulative effects of this transition upon first-time adoption as an adjustment to the balance of equity reserves at 1 January 2019 (negative for € 1,635 thousand).

"Other reserves" included an amount of € 6,866 thousand, from the 2022 financial year, relating to the effects of the agreement signed 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.

In addition, as at 31 December 2023, the item "Other reserves" showed an increase of € 167 thousand (€ 232 thousand, net of the tax effect of € 65 thousand) due to the effects of the agreement signed by Rekeep S.p.A. with Sacoa S.r.l., belonging to the same group headed by the parent company MSC Società di Partecipazione tra Lavoratori S.p.A., relating to the acquisition of the "Major Customers" business unit signed on 22 December 2022, with effect from 1 January 2023 (for more details, see Note 3 above).

### Nature and purpose of reserves

| | | | Summary of uses in 3 previous years | | |
|---|---|---|---|---|---|
| ***NATURE/DESCRIPTION*** | **Amount** | **Possibility of use** | **Amount available** | **For covering losses** | **For other reasons** |
| **Share Capital** | **109,150** | | | | |
| **Capital reserves:** | | | | | |
| **-** Share premium reserve | 145,018 | **A,B,C** | 145,018 | | |
| **Profit reserves:** | | | | | |
| - Legal Reserve | 21,830 | **A,B** | 21,830 | | |
| - Extraordinary Reserve | 43,967 | **A,B,C** | 43,967 | | **-** |
| - Other reserves | (164,786) | | | | |
| - Profits/(Losses) carried forward | (34,596) | **A,B,C** | - | | |
| - Profits/(Losses) for the year | 6,672 | | | | |
| **TOTAL** | **127,256** | | | | |
| Non-distributable portion | 127,256 | | | | |
| Remaining distributable portion | - | | | | |
| **KEY** | | | | | |
| **Possibility of use:** | | | | | |
| **A: for share capital increase** | | | | | |
| **B: to cover losses** | | | | | |
| **C: for distribution to shareholders** | | | | | |

## 17. EMPLOYEE TERMINATION INDEMNITY (TFR)

The Company has no proper defined benefit pension plans. However, the ESI provision set forth by Article 2120 of the Italian Civil Code, from the point of view of recognition in the financial statements, falls under the category of defined-benefit plans.

Details of the net cost of the benefit, included in personnel costs, are shown below.

| | **31 December 2023** | **31 December 2022** |
|---|---|---|
| Interest expenses on benefit obligation | 124 | 18 |
| **Net cost of the benefit recognized through profit or loss** | **124** | **18** |
| Net actuarial (gains)/ losses recognized in equity | (7) | (290) |
| **TOTAL NET BENEFIT COST** | **117** | **(272)** |

The financial costs of the obligation, social security costs and the curtailment are accounted for under personnel costs, while actuarial gains and losses are entered, as already specified, directly under an equity reserve.

Changes in the present value of the obligation for defined benefits (ESI) are as follows:

| | 31 December 2023 | 31 December 2022 |
|---|---|---|
| **Opening balance of the present value of the defined-benefit obligation** | **3,631** | **4,298** |
| Increases/ (decreases) for business combinations | 75 | 597 |
| Increases/ (decreases) for transfer | 67 | 23 |
| Benefits paid | (733) | (1,015) |
| Interest expenses on benefit obligation | 124 | 18 |
| Net actuarial gains (losses) recognized in the year | (7) | (290) |
| **CLOSING BALANCE OF THE PRESENT VALUE OF THE DEFINED BENEFIT OBLIGATION** | **3,157** | **3,631** |

The main assumptions used in determining the obligation relating to employee termination indemnity are illustrated below:

| | 2023 | 2022 |
|---|---|---|
| Discount rate | 3.08% | 3.63% |
| Inflation rate | 2.0% | 5.9% for 2023<br>2.3% for 2024<br>2.0% for 2025 |
| Turnover | 6.50% | 6.50% |

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 the amounts and maturity dates of the payments of expected future benefits.

The estimated turnover rate varies according to the age of the participant in the plan, which is assumed as an average data on the basis of the composition of the population.

Based on the current inflationary trend, it was deemed appropriate to use a constant inflation rate of 2%.

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:

| | Discount rate | Inflation rate | Actuarial assumptions |
|---|---|---|---|
| **Financial year ended 31 December 2023** | + 0.25 ppt | + 0.25 ppt | + 2.00 ppt |
| | 3,112 | 3,183 | 3,167 |
| | - 0.25 ppt | - 0.25 ppt | - 2.00 ppt |
| | 3,203 | 3,131 | 3,146 |
| **Financial year ended 31 December 2022** | + 0.25 ppt | + 0.25 ppt | + 2.00 ppt |
| | 3,579 | 3,661 | 3,647 |
| | - 0.25 ppt | - 0.25 ppt | - 2.00 ppt |
| | 3,683 | 3,601 | 3,611 |

Below are reported the data relating to the average number of the Company's employees:

| | 2023 | 2022 |
|---|---|---|
| Executives | 31 | 31 |
| Office workers | 568 | 550 |
| Manual workers | 8,594 | 9,924 |
| **Average number of Employees** | **9,193** | **10,505** |

## 18. PROVISIONS FOR RISKS AND CHARGES

Below is the breakdown of changes in provisions for risks and charges in 2023:

| | Risks on job orders | Pending disputes | Risks on investments | Tax disputes | Employee legal disputes | Other provisions for risks and charges | Total |
|---|---|---|---|---|---|---|---|
| **At 1 January 2023** | ***6,460*** | ***18,083*** | ***600*** | ***447*** | ***5,089*** | ***6,180*** | ***36,860*** |
| Accruals | 1,078 | - | 8 | - | 2,474 | 1,005 | 4,564 |
| Uses | (2,236) | (2) | (9) | - | (1,293) | (3,214) | (6,755) |
| Reversals | (253) | (275) | - | - | - | (100) | (627) |
| Others | - | - | (305) | - | - | (458) | (763) |
| ***At 31 December 2023*** | **5,048** | ***17,806*** | **294** | **447** | **6,270** | **3,413** | **33,278** |
| *Current 2023* | 4,656 | - | 294 | 447 | - | 1,882 | 7,280 |

| | Risks on job orders | Pending disputes | Risks on investments | Tax disputes | Employee legal disputes | Other provisions for risks and charges | Total |
|---|---|---|---|---|---|---|---|
| *Non-current 2023* | 392 | 17,806 | - | - | 6,270 | 1,531 | 25,998 |
| ***At 31 December 2023*** | ***5,048*** | ***17,806*** | ***294*** | ***447*** | ***6,270*** | ***3,413*** | ***33,278*** |
| *Current 2022* | 6,068 | - | 600 | 447 | - | 4,690 | 11,807 |
| *Non-current 2022* | 392 | 18,083 | - | - | 5,089 | 1,490 | 25,054 |
| ***At 31 December 2022*** | ***6,460*** | ***18,083*** | ***600*** | ***447*** | ***5,089*** | ***6,180*** | ***36,860*** |

### *Provision for risks on job orders*

The provision of € 1,078 thousand was set to cover risks relating to certain job orders in progress for charges that are likely to be incurred, against objections received from the customers. Specifically, provisions for € 768 thousand were recognized in relation to probable non-recurring future additional costs.

Finally, reversals of € 253 thousand were recognized against the successful conclusion relating to various positions with sundry customers, as were uses for € 2,236 thousand, mainly determined by the conclusion of an agreement with the counterparty.

The provisions set aside represent the best estimate on the basis of knowledge possessed at the reporting date of the financial statements.

### *Provision for pending disputes*

At the reporting date of the financial statements, the risk was assessed for the Company 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 € 17,806 thousand recorded a decrease of Euro 277 thousand following reversals for € 275 thousand relating to positions that had become time-barred at 31 December 2023.

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 Separate 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 18 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 considered what has been described regarding the Competition Authority's order, finding no uncertainties. For more details on the matter, 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 investment risks*

The provision for investment risks, amounting to € 294 thousand, showed a decrease of € 305 thousand due to the reclassification of the excess provision set aside in 2019 for S.AN.CO Soc. cons. r.l. in liquidation, as a result of the completion of the relevant procedure. The balance also includes provisions of € 8 thousand to cover future losses incurred by Alisei S.r.l. in liquidation, and uses of € 9 thousand related to the completion of the liquidation of S.AN.CO Soc. cons. r.l..

The total balance as at 31 December 2023 thus referred to the provision set aside in the financial years 2019, 2020, 2022 and 2023 to cover any future losses of Alisei S.r.l. in liquidation in an amount of € 126 thousand, and the provision set aside in 2020 relating to Yougenio S.r.l. in liquidation in an amount of € 169 thousand.

### *Provision for tax disputes*

At 31 December 2023 the provision amounted to € 447 thousand, having reported no changes during 2023.

### *Provision for employee legal proceedings*

The provision for risks related to employee legal proceedings, amounting to € 6,270 thousand (€ 5,089 thousand at 31 December 2022), refers to the best estimate of liabilities as at 31 December 2023, which are regarded as probable following the settlement of pending labor law disputes.

### *Other Provisions for risks and charges*

Other provisions for risks and charges, equal to € 3,413 thousand (€ 6,180 thousand at 31 December 2022), include the best estimate of future charges on some contracts. During the year there were increases of € 1,005 thousand: in particular, an amount of € 538 thousand was recorded for the risk on an IRES (Corporate Income) tax credit transferred from companies merged by incorporation in previous years. During the year there was a utilization of € 3,214 thousand for paying various customers some amounts previously set aside, and reversals and other changes movements totaling € 558 thousand.

## 19. LOANS AND OTHER FINANCIAL LIABILITIES

The items “Non-current loans” and “Loans and other current financial liabilities” include both the non-current and current portion of loans and from other current financial debts.

The details are shown below:

| | 31 December 2023 | Within 1 year | From 1 year to 5 years | Beyond 5 years |
|---|---|---|---|---|
| Senior Secured Notes | 366,179 | - | 366,179 | |
| Artigiancassa loan | 785 | 314 | 471 | |
| SACE loan | 36,000 | 36,000 | | |
| Debt for the acquisition of investments/business units | 6 | 6 | - | |
| Financial current accounts – Subsidiaries | 5,142 | 5,142 | - | |
| Financial current account – MSC | 22 | 22 | - | |
| Share capital to be paid into investee companies | 315 | 315 | - | |
| Prepaid financial expenses | (656) | (494) | (162) | |
| Accrued financial expenses | 12,299 | 12,299 | - | |
| Obligations on assignments of receivables with recourse | 10,436 | 10,436 | - | |
| Due to factoring agencies | 7,330 | 7,330 | - | |
| Other financial liabilities | 2,466 | 2,466 | - | |
| Liabilities for reverse factoring | 16,633 | 16,633 | - | |
| Financial liabilities for leases | 17,405 | 4,393 | 10,570 | 2,443 |
| **FINANCIAL LIABILITIES** | **474,363** | **94,863** | **377,058** | **2,443** |

Below is the breakdown of financial liabilities at 31 December 2022:

| | 31 December 2022 | Within 1 year | From 1 year to 5 years | Beyond 5 years |
|---|---|---|---|---|
| Senior Secured Notes | 364,541 | - | 364,541 | |
| Artigiancassa loan | 838 | 239 | 599 | |
| Debt for the acquisition of investments/business units | 1,956 | 1,956 | - | |
| Financial current accounts – Subsidiaries | 4,092 | 4,092 | - | |
| Financial current account – MSC | 25 | 25 | - | |
| Share capital to be paid into investee companies | 150 | 150 | - | |
| Prepaid financial expenses | (1,065) | (623) | (442) | |
| Accrued financial expenses | 11,695 | 11,695 | - | |
| Obligations on assignments of receivables with recourse | 5,677 | 5,677 | - | |
| Due to factoring agencies | 24,000 | 24,000 | - | |
| Other financial liabilities | 5,797 | 5,797 | - | |

| | 31 December 2022 | Within 1 year | From 1 year to 5 years | Beyond 5 years |
|---|---|---|---|---|
| Liabilities for reverse factoring | 33,813 | 33,813 | - | |
| Financial liabilities for leases | 27,869 | 14,241 | 11,338 | 2,291 |
| **FINANCIAL LIABILITIES** | **479,389** | **101,063** | **376,035** | **2,291** |

### *Senior Secured Notes*

On 28 January 2021 the Company 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.

The financial charges accrued on the coupons of the Senior Secured Notes came to € 26,601 thousand during 2023 (€ 26,850 thousand in 2022). The upfront fees relating to the issue of the Senior Secured Notes were accounted for according to the amortized cost method, which, in accordance with IFRS 9, entailed financial amortization charges equal to € 1,638 thousand for the year.

### *Super Senior Revolving Credit Facility (RCF)*

At the same time as the issue of 28 January 2021, the Company 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 facility was partially activated during 2023 in order to meet temporary cash requirements (if any), and promptly repaid. The impact in terms of financial costs accrued in the meantime amounted to € 1,396 thousand. The RCF facility had not been used at 31 December 2023.

### *Artigiancassa loan*

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 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 31 December of each year. 15 December 2023 saw the disbursement of the second tranche, amounting to € 186 thousand, corresponding to the remaining part of the subsidized loan, upon completion of the works performed.

During 2023, installments were paid for an amount of € 239 thousand, with a balance of € 785 thousand at 31 December 2023 (€ 838 thousand at 31 December 2022).

### *SACE 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 Company, 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 was 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 first two installments were repaid for a total amount of € 24 million, bringing the residual debt to € 36 million at 31 December 2023 (item not present in the previous year).

Furthermore, it should be noted that the loan disbursed by SACE Fct S.p.A. had been entirely used for payments to the Company's chain of suppliers and subcontractors at 31 December 2023.
Financial charges accrued on this loan amounted to € 2,400 thousand at 31 December 2023.

### *Debt for the acquisition of investments/business units*

The decrease of € 1,950 thousand related to the payment of the 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, which had been finalized in the previous year.

### *Current account overdrafts, advance payments and hot money*

Bank overdrafts and advances on current accounts are not backed by guarantees. Their management is linked to temporary reductions in liquidity, within the flows of receipts and payments on the reporting date. No uses of the credit facilities were reported at 31 December 2023.

### *Intergroup financial current accounts*

This item is made up of the balances of intergroup financial current accounts held with subsidiaries, mainly with Rekeep Rail S.r.l. (€ 4,551 thousand) and Telepost S.r.l. (€ 286 thousand), as well as of interest accrued on this account and not yet invoiced for € 300 thousand. The financial debt in current account to the parent company MSC amounted to € 22 thousand at 31 December 2023.

Financial payables are not secured and are repayable in a lump-sum at the end of the year, except in the case of a tacit renewal.

### *Share capital to be paid into investee companies*

The amount of € 315 thousand relates to the payable for the share capital to be paid into the associate Toscana Energia Nord Ovest (T.E.N.OV.) S.r.l., which was established on 23 June 2023. The debt outstanding at 31 December 2022, equal to € 150 thousand, and relating to the share capital to be paid into the subsidiary Cefalù Energia S.p.A., was paid in full on 20 October 2023.

### *Obligations from assignments of receivables with recourse*

During 2020 the Company entered into an agreement for the assignment with recourse of trade receivables with Banca Sistema S.p.A. concerning receivables from Public Authorities and private entities. This agreement superseded the previously applicable agreement for assignment with recourse, which had been executed with Unicredit Factoring S.p.A. in 2015. During 2023 assignments with recourse were made with regard to trade receivables at a nominal value of receivables of € 43,444 thousand (€ 27,570 thousand in 2022). As at the reporting date of the Financial Statements at 31 December 2023 the exposure was equal to € 10,436 thousand (€ 5,677 thousand at 31 December 2022).

### *Due to factoring agencies*

This item includes receipts from customers on receivables assigned within the factoring of trade receivables without recourse, which was entered into with Banca Farmafactoring S.p.A., Banca Sistema S.p.A. and Banca IFIS S.p.A. in relation to which the Company performs the service of receipts. The amounts collected, equal to € 7,330 thousand at 31 December 2023 (€ 24,000 thousand at 31 December 2022) were transferred to the factor in the first days of the subsequent financial year.

### *Prepaid financial expenses*

At 31 December 2023 the Company recognized prepaid interest expenses of € 656 thousand.

The costs incurred during 2021 for entering into the new Super Senior Revolving (RCF) facility agreement were amortized on a straight-line basis throughout the term of the credit facility and showed a remaining balance of € 442 thousand at 31 December 2023.

### *Accrued financial expenses*

At 31 December 2023 the Company recognized accrued interest expenses for € 12,299 thousand, of which an amount of € 11,401 thousand related to the coupon of the Senior Secured Notes due 1 February 2024.

### *Obligations arising from reverse factoring transactions*

As at 31 December 2023 the Company had in place some reverse factoring lines with Unicredit Factoring and Banca Farmafactoring, which ensure a greater amount of overdraft facilities with respect to payments to some suppliers. The exposure was equal to € 16,633 thousand at 31 December 2023 (€ 33,813 thousand at 31 December 2022).

### *Other financial liabilities*

As at 31 December 2023 the balance, equal to € 2,466 thousand (€ 5,797 thousand at 31 December 2022), related for € 200 thousand to the claim submitted by the assignee on disposals of subsidiaries in previous years (unchanged compared to the previous year), and for € 1,550 thousand (€ 5,597 thousand at 31 December 2022) against the parent company MSC, stated following MSC's assignment of the finance leases entered into with Monte dei Paschi di Siena Leasing & Factoring S.p.A. concerning the real estate complex, and its expansion, located in Zola Predosa (BO), at Via Ubaldo Poli no. 4, where the Company's registered office is located.

The item also includes the debt to some Group Companies in liquidation, totaling € 70 thousand (item not present in the previous year), for which the final liquidation balance sheet and the related final distribution plan were approved in 2023, but for which the investment will be cancelled from the Register of Companies in 2024.

Finally, it should be noted that, on 13 October 2023, there was the finalization of the purchase of the tax credit, amounting to € 698 thousand, introduced by Decree Law no. 21 of 2022 and subsequent regulatory measures, claimed by subsidiary ISOM Gestione Soc. Cons. a r.l., which would not have had the ability to use this tax credit. The transaction resulted in the recognition of a financial liability amounting to € 611 thousand (item not present in the previous year), and the recognition of financial income amounting to € 87 thousand in the income statement.

### *Lease financial liabilities*

Lease agreements entered into are not secured, have a 3-year maturity and monthly payments, and related to contracts on plant and machinery used in some job orders and the balance was equal to € 31 thousand at 31 December 2023 (€ 241 thousand in 2022).

During the year the item showed an overall decrease of € 10,464 thousand, of which an amount of € 9,956 thousand, as commented on above, as a result of the redemption, which took place with the transfer of ownership on 19 December 2023, involving the lease of the property located at Via Ubaldo Poli no. 4 in Zola Predosa (BO), where the Company's registered office is located, acquired in the previous year following the takeover of the contract through the purchase of the contracts entered into by the parent company MSC S.p.A. with Banca Monte dei Paschi Leasing & Factoring S.p.A..

As at 31 December 2023 the financial liability arising from the adoption of IFRS 16 for the property and operating leases amounted to € 17,375 thousand (€ 17,149 thousand at 31 December 2022).

Specifically, there was the recognition of early terminations for a total of € 612 thousand, and of increases for the execution of new agreements concerning property leases and the long-term hire of vehicles and equipment, equal to € 4,991 thousand, in addition to the payment of lease and hire rentals.

## 20. CONTINGENT LIABILITIES

As at the date of approval of the financial statements, no contingent liabilities had arisen for the Company which had not been recognized in the accounts and 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.

## 21. TRADE PAYABLES AND CONTRACT LIABILITIES

The table below sets forth the breakdown of the item at 31 December 2023 and 31 December 2022:

| | 31 December 2023 | of which with related parties | 31 December 2022 | of which with related parties |
|---|---|---|---|---|
| Trade payables | 166,848 | 1,597 | 222,711 | 182 |
| Trade payables to Associates and Joint-Ventures | 24,488 | 24,488 | 33,490 | 33,490 |
| Trade payables to Subsidiaries | 45,084 | 45,084 | 51,378 | 51,378 |
| Trade payables to Parent companies | 1,660 | 1,660 | 1,015 | 1,015 |
| Trade payables to Affiliates | 121 | 121 | 692 | 692 |
| Contract liabilities for work to be performed | 20,795 | 604 | 17,960 | - |
| **TRADE PAYABLES AND CONTRACT LIABILITIES** | **258,996** | **73,555** | **327,247** | **86,757** |

At 31 December 2023 trade payables and contract liabilities amounted to € 258,996 thousand compared to a balance of € 327,247 thousand at 31 December 2022. The decrease, amounting to € 68,251 thousand, was mainly due to the mix of two factors: on the one hand, the use of the Confirming line of credit commented on above, with which the Company entrusted SACE Fct S.p.A. and Banca Sistema S.p.A. with the management of the payment of receivables claimed by its suppliers and subcontractors throughout the country and, on the other hand, the decrease in the prices of raw materials, especially energy (natural gas and electricity), which resulted in a lower exposure to suppliers.

Trade payables do not accrue interest and are settled for, on average, 90/120 days from the invoice date.

## 22. OTHER CURRENT LIABILITIES

The table below sets forth the breakdown of the item at 31 December 2023 and 31 December 2022:

| | 31 December 2023 | 31 December 2022 |
|---|---|---|
| Payables to employees | 32,042 | 33,942 |
| Payables to social security institutions | 4,070 | 6,199 |
| Tax payables | 3,825 | 3,801 |
| Collections on behalf of ATI | 4,740 | 7,424 |
| Other payables to Subsidiaries | 71 | 655 |
| Other payables to Parent Company | 25 | 8 |
| Property collection on behalf of customers | 2,176 | 2,176 |
| Payable for notices of payment to be paid in installments (AGCM FM4) | 55,172 | 66,581 |
| Deferred income from others | 472 | 758 |
| Other payables | 5,739 | 5,381 |
| **OTHER CURRENT LIABILITIES** | **108,334** | **126,926** |

Other payables are settled after 30 days on average, excluding payables due to employees for accrued summer bonuses (14th monthly salary) and accrued wages and vacation leave paid at 6 months on average, and the amounts due to the Tax Authorities for deferred VAT payments generated in previous years and settled at the moment of collection of the receivables.

As at 31 December 2023 the item included the residual payable of € 55,172 thousand relating to the liability recognized 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 as at 31 December 2023, Rekeep S.p.A. was duly paying the installments stipulated in the installment plan, and the installments that are still unpaid to date following the Covid moratorium (Decree Law no. 18 of 17 March 2020 on "Measures to strengthen the National Health Service and provide economic support for families, workers and businesses related to the epidemiological emergency from COVID-19", known as "Cure Italy Decree") do not determine the forfeiture of the plan itself.

## 23. REVENUE FROM CONTRACTS WITH CUSTOMERS

The table below sets forth the breakdown of the item for the years ended 31 December 2023 and 31 December 2022:

| | 31 December 2023 | 31 December 2022 |
|---|---|---|
| Integrated services - system and building maintenance | 124,213 | 130,112 |
| Cleaning and sanitation services | 203,614 | 212,453 |
| Heat management | 101,853 | 150,215 |
| Construction work, building restructuring | 39,792 | 52,875 |
| Plant construction work | 14,896 | 19,645 |
| Landscaping services | 2,551 | 2,872 |
| Porterage services | 10,349 | 30,907 |
| Asset management | 112 | 124 |
| Other services | 141,679 | 187,957 |
| **REVENUE FROM CONTRACTS WITH CUSTOMERS** | **639,059** | **787,161** |

In 2023 Revenues, equal to € 639,059 thousand, showed a decrease of € 148,102 compared to 2022, with a change of 18.81% in percentage terms compared to the value posted in 2022.

The provision of essential services in the healthcare sector, to which must be added services to customer Public Authorities (schools, public authority offices, ministries, etc.), and major customers and telecommunications accounts for more than 50% of the business conducted by the Company.

The performance in terms of revenues recorded by the Company is the result of two effects:

- on the one hand, they are affected by falling prices compared to the comparison period, when inflationary pressure, particularly of energy, was still significant, which has an impact on the pricing charged to customers;
- on the other hand, there are portfolio exits (e.g., customers in the large-scale retail trade sector transferred to another Group company), only partly offset by new contracts, some of which are still in the start-up phase.

For a precise breakdown of revenues and their performance in the various markets in which the Company operates, reference should be made to the more detailed information provided in the report on operations.

All the Company's revenues accrued on operations carried out in Italy.

## 24. OTHER REVENUES

The table below sets forth the breakdown of the item for the years ended 31 December 2023 and 31 December 2022:

| | 31 December 2023 | 31 December 2022 |
|---|---|---|
| Reimbursement of damages | 298 | 329 |
| Gains on sales of property, plant and machinery | 249 | 19 |
| Grants | 704 | 550 |
| Other revenues | 1,200 | 2,355 |
| **OTHER REVENUES** | **2,452** | **3,253** |

As at 31 December 2023, the balance of "Other Revenues" was € 2,452 thousand, compared to € 3,253 thousand in the previous year. The decrease for the year of € 801 thousand was mainly due to the recognition of the operating fee for participation in a consortium in the previous year.

Furthermore, the item is made up of the recovery of personnel costs for an amount of € 356 thousand (€ 226 thousand in the previous year), as well as of operating grants, mainly relating to employee training and smart working development projects equal to € 704 thousand (€ 550 thousand at 31 December 2022).

## 25. COSTS OF RAW MATERIALS AND CONSUMABLES

The table below sets forth the breakdown of the item for the years ended 31 December 2023 and 31 December 2022:

| | 31 December 2023 | 31 December 2022 |
|---|---|---|
| Change in inventories of raw materials | (108) | (6) |
| Fuel consumption | (64,835) | (96,108) |
| Consumption of raw materials | (81,138) | (136,384) |
| Purchase of auxiliary materials and consumables | (4,293) | (4,152) |
| Other purchases | (1,086) | (1,801) |
| **COSTS OF RAW MATERIALS AND CONSUMABLES** | **(151,461)** | **(238,451)** |

"Costs of raw materials and consumables" amounted to € 151,461 thousand at 31 December 2023, down by € 86,990 thousand compared to 31 December 2022. The item included the costs for fuels (diesel and methane), as well as utilities and fuels (mainly used as part of the Company'smaintenance work and heat management operations).

The change in the item from the previous year was mainly related to the decline in the prices of raw materials, especially energy (natural gas and electricity), when inflationary pressure was more pronounced.

Purchase of raw materials was recognized net of the income granted under Decree Law no. 21 of 2022 and the subsequent regulatory measures, which provided, with regard to non-energy-intensive businesses and businesses other than natural gas-intensive businesses, for a tax credit as partial compensation for the higher costs incurred for the purchase of electricity and natural gas incurred as from the second quarter of 2022, and until the second quarter of 2023. The tax credits were recognized as a percentage, which differs depending on the period in which the expenditure was incurred, of the cost incurred for the purchase of the raw material. In 2023 the Company recorded an income related to the credit for the purchase of natural gas in the amount of € 7,263 thousand and an income related to the credit for the purchase of electricity in the amount of € 4,333 thousand.

## 26. COSTS FOR SERVICES AND USE OF THIRD-PARTY ASSETS

The table below sets forth the breakdown of the item for the years ended 31 December 2023 and 31 December 2022:

| | 31 December 2023 | 31 December 2022 |
|---|---|---|
| Third-party services | (89,705) | (109,010) |
| Professional services | (24,298) | (28,190) |
| Consortia services | (58,534) | (61,233) |
| Utilities | (2,058) | (1,849) |
| Other personnel services | (3,823) | (4,719) |

| | 31 December 2023 | 31 December 2022 |
|---|---|---|
| Transport | (205) | (205) |
| Equipment maintenance and repair | (3,898) | (4,243) |
| Insurance and sureties | (4,484) | (5,051) |
| Travel expenses and reimbursement of expenses | (1,149) | (1,438) |
| Advertising and marketing | (285) | (455) |
| Statutory Auditors and Committees' fees | (112) | (86) |
| Bank services | (114) | (97) |
| Bonuses and commissions | (4) | (10) |
| Other services | 162 | 640 |
| **COSTS FOR SERVICES** | **(188,506)** | **(215,947)** |
| Rent expense | (1,785) | (1,328) |
| Hires and others | (2,333) | (3,376) |
| **COSTS FOR USE OF THIRD-PARTY ASSETS** | **(4,119)** | **(4,704)** |
| **COSTS FOR SERVICES AND USE OF THIRD-PARTYASSETS** | **(192,625)** | **(220,651)** |

For the year ended 31 December 2023 the item amounted to € 192,625 thousand against € 220,651 thousand in 2022. The decrease, equal to € 28,026 thousand, was mainly linked to the decrease in services provided by investee consortium companies (for € 2,699 thousand) and third-party services (€ 19,305 thousand). The mix of production factors employed (both within the organization, such as the cost of labor, and outside the organization, such as third-party work) is closely correlated to the distribution of services rendered, which can vary substantially in the short-term too.

No capitalization of R&D costs took place during the year.

## 27. PERSONNEL COSTS

The breakdown of the item is shown below for the years ended 31 December 2023 and 31 December 2022:

| | 31 December 2023 | 31 December 2022 |
|---|---|---|
| Wages and salaries | (148,794) | (165,923) |
| Social security charges | (46,520) | (51,485) |
| Temporary and leased personnel | (9,083) | (14,583) |

| | 31 December 2023 | 31 December 2022 |
|---|---|---|
| Other current benefits | (929) | (623) |
| **CURRENT BENEFITS** | **(205,326)** | **(232,615)** |
| Employee termination indemnity | (135) | (78) |
| **DEFINED BENEFITS** | **(135)** | **(78)** |
| Payments to employee pension funds | (8,561) | (9,158) |
| **DEFINED CONTRIBUTION BENEFITS** | **(8,561)** | **(9,158)** |
| **EMPLOYMENT TERMINATION BENEFITS** | **(503)** | **(419)** |
| **PERSONNEL COSTS** | **(214,526)** | **(242,269)** |

The financial year ended 31 December 2023 showed a decrease of € 27,743 thousand against the balance in 2022. It was due to the lower average number of employees in service in 2023 from 10,505 in 2022 to 9,193 in 2023.

The portion of termination indemnity paid to the INPS and to supplementary pension funds is recognized under current benefits.

## 28. OTHER OPERATING COSTS

The breakdown of the item is shown below for the years ended 31 December 2023 and 31 December 2022:

| | 31 December 2023 | 31 December 2022 |
|---|---|---|
| Other operating costs | (2,108) | (2,854) |
| Fines and penalties | (733) | (854) |
| Taxes other than income taxes | (1,290) | (1,450) |
| Capital losses on disposals of assets | (8) | (5) |
| Credit losses | - | (14) |
| Securitization credit discount | (105) | (132) |
| **OTHER OPERATING COSTS** | **(4,244)** | **(5,309)** |

For the financial year ended 31 December 2023 the item amounted to € 4,244 thousand against € 5,309 thousand in 2022.

The decrease of € 1,065 thousand in the item compared to the previous year was attributable to the fact that in 2022 the registration tax had been accounted for in the amount of € 596 thousand linked to MSC's assignment of the finance leases entered into with Monte dei Paschi di Siena Leasing & Factoring S.p.A., concerning the real estate complex, and its expansion, located at Via Ubaldo Poli no. 4 in Zola Predosa (BO), where the Company's registered office is located.

The year saw the recognition of credit discount costs equal to € 105 thousand (€ 132 thousand at 31 December 2022) relating to the agreement for anassignment of receivables without recourse in place with Unicredit Factoring S.p.A..

## 29. 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:

| | 31 December 2023 | 31 December 2022 |
|---|---|---|
| Amortization of intangible assets | (4,863) | (4,734) |
| Depreciation of property, plant and equipment | (1,456) | (1,589) |
| Depreciation of property, plant and equipment under lease | (4,550) | (5,026) |
| Write-down of equity investments in Group companies | (7,221) | 204 |
| Write-downs of trade receivables | (2,997) | (1,954) |
| Transfer of bad debt provision | 314 | 283 |
| Write-downs of other assets | (41) | (26) |
| **AMORTIZATION/DEPRECIATION, WRITE-DOWNS ANDWRITE-BACKS OF ASSETS** | **(20,813)** | **(12,842)** |

The item Amortization/depreciation, write-downs and write-backs of assets increased from € 12,842 thousand at 31 December 2022 to € 20,813 at 31 December 2023.

The item 'Write-down of equity investments in Group companies" included the value adjustment to investments in Telepost S.r.l. for € 6,810 thousand, in Yougenio S.r.l. in liquidation for € 54 thousand and in Roma Multiservizi S.p.A. in liquidation for € 357 thousand.

## 30. DIVIDENDS, INCOME AND CHARGES FROM DISPOSAL OF EQUITY INVESTMENTS

The item is made up of :

- Dividends from group companies for € 631 thousand (€ 10,635 thousand at 31 December 2022)

- Income from disposal of equity investments for € 277 thousand (€ 95 thousand at 31 December 2022)

The breakdown of dividends collected as at 31 December 2023 is shown below compared to 2022:

| | 31 December 2023 | 31 December 2022 |
|---|---|---|
| H2H Facility Solutions S.p.A. | 167 | 1,330 |
| Servizi Ospedalieri S.p.A. | - | 8,000 |
| Telepost S.r.l. | 317 | 818 |
| Sesamo S.p.A. | 6 | 9 |
| Progetto Nuovo Sant'Anna S.r.l. | 41 | 25 |
| Genesi Uno S.p.A. | 22 | 41 |
| MFM Capital S.r.l. | 26 | 276 |
| Progetto ISOM S.p.A. | - | 100 |
| Other minor items | 53 | 36 |
| **TOTAL DIVIDENDS FROM GROUP COMPANIES** | **631** | **10,635** |

The breakdown of income and costs from investments as at 31 December 2023 is shown below compared to 2022:

| | 31 December 2023 | 31 December 2022 |
|---|---|---|
| Liquidazione Bologna Gestione Patrimonio Soc. Cons a r.l. | - | 1 |
| Liquidazione Servizi Taranto Soc. Cons. a r.l. | - | 1 |
| Cessione Gico Systems S.r.l. | (6) | 7 |
| Liquidazione SCAM S.r.l.- Soc. Cons. Adanti Manutencoop a r.l. | - | 43 |
| Liquidazione Global Provincia di Rimini Soc. Cons. a r.l. | (70) | 44 |
| Liquidazione Consorzio Imolese Pulizie S. Cons. a r.l. | (31) | - |
| Liquidazione Serena Soc. Cons. a r.l. | 29 | - |
| Liquidazione SI.MA.GEST3 Soc. Cons. a r.l. | (41) | - |
| Liquidazione Servizi Sportivi Brindisi Soc. Cons. a r.l. | (5) | - |
| Liquidazione S.AN.CO. Soc. Cons. a r.l. | 386 | - |
| Liquidazione Bologna Global Strade Soc. Cons. a r.l. | 12 | - |
| Other minor items | 3 | - |
| **TOTAL INCOME AND CHARGES FROM DISPOSAL OF EQUITY INVESTMENTS** | **277** | **95** |

During 2023 the winding-up of some Group companies was completed, which entailed the recognition of income from equity investments totaling € 283 thousand.

## 31. FINANCIAL INCOME

Below is the breakdown of this item for the financial years ended 31 December 2023 and 2022:

| | 31 December 2023 | 31 December 2022 |
|---|---|---|
| Interest on trade receivables | 254 | 1,838 |
| Interest on loans and intercompany current accounts | 6,500 | 4,803 |
| Interest from discounting of non-interest bearing loans | - | 3 |
| Interest on bank current accounts | 224 | 2 |
| Other financial income | 429 | 158 |
| **FINANCIAL INCOME** | **7,407** | **6,805** |

Financial income for the year showed an increase of € 602 thousand compared to 2022, which was mainly due to the recognition of interest on intercompany loans and current accounts. On the contrary, interest on trade receivables showed a decrease of € 1,584 thousand since default interest income to a customer, granted in court for € 1,498 thousand had been accounted for in the previous year.

## 32. FINANCIAL CHARGES

| | 31 December 2023 | 31 December 2022 |
|---|---|---|
| Interest on Loans | (30,536) | (27,101) |
| Financial charges on Group financial accounts | (307) | (204) |
| Financial costs from securitization | (2,763) | (2,550) |
| Other financial charges | (10,800) | (7,103) |
| Financial charges on leases | (1,264) | (1,251) |
| **FINANCIAL CHARGES** | **(45,669)** | **(38,209)** |

The impact of *financial charges* for the 2023 financial year was equal to € 45,669 thousand, up by € 7,461 thousand compared to 2022, when it was equal to € 38,209 thousand.

*Interest on Loans* included financial costs on the coupons of Senior Secured Notes (payable with a coupon on a six-monthly basis on 1 February and 1 August), accrued in 2023, amounting to € 26,601 thousand, down by € 249 thousand compared the balance recorded in the previous year (€ 26,850 thousand at 31 December 2022). Furthermore, financial costs were also accounted for, which had accrued on the SACE loan, amounting to € 2,400 thousand at 31 December 2023. The balance of the item then also included interest relating to the Super Senior Revolving Credit Facility ("RCF") for a total amount of € 1,396 thousand.

*Other financial charges* also included amortization charges of the initial costs for the new 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, with regard to the facility, interest on temporary partial uses accrued for € 1,396 thousand in 2023 (€ 982 thousand in 2022).

*Other financial charges* included instead financial costs for amortized cost accrued in 2023, equal to € 1,638 thousand.

Finally, interest discount costs were recognized for € 2,763 thousand during 2023 in relation to the assignments of trade and VAT receivables without recourse (€ 2,550 thousand at 31 December 2022).

## 33. CURRENT AND DEFERRED TAXES

The breakdown of the income taxes is shown below for the years ended 31 December 2023 and 31 December 2022:

| | 31 December 2023 | 31 December 2022 |
|---|---|---|
| Current IRES tax | 6,821 | 6,431 |
| Current IRAP tax | 2,910 | 3,841 |
| (Income) charges from tax consolidation | (1,068) | (883) |
| Adjustments to current taxes of previous years | 42 | (5,959) |
| **Current taxes** | **8,704** | **3,429** |
| Prepaid/deferred IRES tax | 989 | 28 |
| Prepaid/deferred IRAP tax | 184 | 21 |
| Prepaid/deferred taxes relating to previous years | - | - |
| **Prepaid/(deferred) taxes** | **1,173** | **49** |
| **CURRENT, PREPAID AND DEFERRED TAXES** | **9,877** | **3,478** |

### *Current taxes*

The reconciliation between IRES and IRAP tax recorded and theoretical tax resulting from application of the tax rates applicable for the financial years ended 31 December 2023 and 2022 to pre-tax profit is as follows:

| *Reconciliation between theoretical and actual IRES tax rate* | **31 December 2023** | **%** | **31 December 2022** | **%** |
|---|---|---|---|---|
| **Pre-tax profit (continuing and discontinued operations)** | **16,549** | | **44,261** | |
| Ordinary rate applicable | | 24% | | 24% |
| | | | | |
| **Effect of increases (decreases):** | | | | |
| - Temporary differences | (2,507) | | 2,427 | |
| - Permanent differences | 14,378 | | (19,892) | |
| | | | | |
| IRES taxable income | 28,420 | | 26,796 | |
| | | | | |
| **ACTUAL RATE/TAX** | **6,821** | **41.21%** | **6,431** | **14.53%** |

| *Reconciliation between theoretical and actual IRAP tax rate* | **31 December 2023** | **%** | **31 December 2022** | **%** |
|---|---|---|---|---|
| **Pre-tax profit (continuing and discontinued operations)** | **16,549** | | **44,261** | |
| Ordinary rate applicable | | | | |
| | | 2.68% | | 2.68% |
| | | 2.93% | | 2.93% |
| | | 3.10% | | 3.10% |
| | | 3.90% | | 3.90% |
| | | 4.73% | | 4.73% |
| | | 4.82% | | 4.82% |
| | | 4.97% | | 4.97% |
| **Effect of increases (decreases):** | | | | |
| - Labor cost | 214,526 | | 242,269 | |
| - Balance from financial management | 37,356 | | 20,674 | |
| - Other difference between taxable base and pre-tax result | (196,501) | | (213,203) | |
| | | | | |
| **IRAP taxable income** | **71,931** | | **94,001** | |
| | | | | |
| - of which at 2.68% | 2,058 | | 2,451 | |
| - of which at 2.93% | 17 | | 21 | |

| ***Reconciliation between theoretical and actual IRAP tax rate*** | **31 December 2023** | **%** | **31 December 2022** | **%** |
|---|---|---|---|---|
| - of which at 3.10% | - | | 93 | |
| - of which at 3.90% | 56,023 | | 69,526 | |
| - of which at 4.73% | 114 | | 166 | |
| - of which at 4.82% | 12,024 | | 18,832 | |
| - of which at 4.97% | 1,695 | | 2,913 | |
| | | | | |
| **ACTUAL RATE/TAX** | **2,910** | **4.05%** | **3,841** | **4.09%** |

## *Prepaid and deferred taxes*

The breakdown of the prepaid and deferred taxes as at 31 December 2023 and at the end of the previous year is shown below:

| ***Breakdown of Prepaid and deferred taxes*** | **Tax effect through balance sheet** | | **Tax effect through P&L** | | **Tax effect through Equity** | |
|---|---|---|---|---|---|---|
| | **31 December 2023** | **31 December 2022** | **31 December 2023** | **31 December 2022** | **31 December 2023** | **31 December 2022** |
| **Prepaid taxes:** | | | | | | |
| Presumed losses on receivables | 1,643 | 1,817 | 174 | 50 | | |
| Provisions for risks and charges | 4,309 | 4,071 | (238) | (358) | | |
| Fees of Directors, Statutory Auditors and Independent Auditors | 64 | 57 | (6) | (20) | - | - |
| Amortization | - | 1 | - | - | - | - |
| Interest expense | 1,946 | 3,068 | 1,122 | - | - | - |
| Cash cost deduction | 4 | 4 | - | (3) | - | - |
| Effects of IFRS16 recognized in Equity | 402 | 430 | 28 | 203 | - | - |
| Effects of sale/acquisition of Business Unit recognized in Equity | 2,427 | 2,509 | 148 | 148 | 65 | 2,657 |
| Other temporary differences | 438 | 452 | 13 | 96 | - | - |
| **TOTAL PREPAID TAXES** | **11,233** | **12,408** | **1,241** | **115** | **65** | **2,657** |
| **Deferred taxes:** | | | | | | |
| Goodwill amortization | (9,900) | (9,899) | 1 | 1 | - | - |
| Purchase Price Allocation (PPA) | (1,338) | (1,405) | (67) | (67) | - | - |
| Other temporary differences | (17) | (19) | (2) | (1) | - | - |

| *Breakdown of Prepaid and deferred taxes* | Tax effect through balance sheet | | Tax effect through P&L | | Tax effect through Equity | |
|---|---|---|---|---|---|---|
| | 31 December 2023 | 31 December 2022 | 31 December 2023 | 31 December 2022 | 31 December 2023 | 31 December 2022 |
| Amortized cost | - | - | - | - | - | - |
| **TOTAL DEFERRED TAXES** | **(11,255)** | **(11,323)** | **(68)** | **(67)** | **-** | **-** |
| **NET PREPAID/(DEFERRED) TAXES** | **(23)** | **1,085** | **1,173** | **49** | **65** | **2,657** |

## 34. COMMITMENTS AND GUARANTEES

The Company holds commitments to the execution of lease agreements for its headquarters, equipment and machinery and for its offices in Italy, and finally, long-term hire agreements for the corporate fleet, which are all accounted for in accordance with IFRS16.

The tables below report the breakdown of the amount of future payments under lease agreements and their present value at 31 December 2023 and 31 December 2022:

| | Lease obligations at 31 December 2023 | |
|---|---|---|
| | Lease payments falling due | Present value of lease payments |
| Within 1 year | 5,057 | 4,365 |
| From one year to five years | 11,792 | 10,567 |
| After 5 years | 2,745 | 2,443 |
| **TOTAL LEASE PAYMENTS** | **19,594** | **17,375** |
| Financial charges | (2,219) | - |
| **PRESENT VALUE OF LEASE PAYMENTS** | **17,375** | **17,375** |

| | Lease obligations at 31 December 2022 | |
|---|---|---|
| | Lease payments falling due | Present value of lease payments |
| Within 1 year | 14,878 | 14,241 |
| From one year to five years | 12,596 | 11,337 |
| After 5 years | - | - |
| **TOTAL LEASE PAYMENTS** | **29,948** | **27,869** |
| Financial charges | (11,023) | - |
| **PRESENT VALUE OF LEASE PAYMENTS** | **27,869** | **27,869** |

### *Guarantees given*

The Company had given the following guarantees as at 31 December 2023:

- guarantees for financial obligations of € 3,368 thousand (€ 7,112 thousand at 31 December 2022), wholly issued in the interests of subsidiaries and associates for bank overdrafts and other financial obligations;
- sureties granted to third parties as security for the correct performance of commercial contracts in place with customers, equal to € 294,295 thousand (€ 311,828 thousand at 31 December 2022), of which an amount of € 84,101 thousand issued in the interests of subsidiaries and associates (€ 71,132 thousand at 31 December 2022);
- other guarantees issued by third parties in favor of associates, joint ventures and other equity investments for € 6,473 thousand (€ 9,993 thousand at 31 December 2022);
- other guarantees issued to third parties to replace security deposits required to activate utilities or to execute lease agreements, as well as to the Revenue Agency for VAT refunds, for a total amount of € 102,170 thousand (€ 106,498 thousand at 31 December 2022), of which an amount of € 29,676 thousand issued in the interests of subsidiaries and associates (€ 28,447 thousand at 31 December 2022).

### *Guarantees arising from the Senior Secured Notes bond issue launched in 2021 and from the Super Senior Revolving loan agreement*

On 18 January 2021, the Company 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, it 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 of subsidiary 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.

The Company 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 2023 no events of default had occurred.

## 35. RELATED-PARTY TRANSACTIONS

Related-party transactions were performed under normal market conditions, i.e. in line with conditions that would be applied between 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. If they consisted of long-term loans, they were discounted in the financial statements of the Company.

The Company not only provides technical-production services relating to the core business, but also administrative and IT services for certain Group companies. Furthermore, some sub-lease agreements are in place with its parent company MSC, as are agreements for the provision of tax consultancy services.

There are no guarantees in relation to receivables from and payables to related parties.

| *PARENT COMPANY* | | Revenues | Costs | Financial income | Financial charges | Trade receivables | Financial receivables and others | Trade payables | Financial payables and others |
|---|---|---|---|---|---|---|---|---|---|
| *MSC Società di Partecipazione tra Lavoratori S.p.a.* | 31-Dec-23 | 45 | 1,660 | - | 173,69 | 14 | 3,559 | 1,660 | 4,569 |
| | 31-Dec-22 | 105 | 10,695 | 126 | 616 | 30 | 3,651 | 1,015 | 10,870 |
| **TOTAL PARENT COMPANY** | **31-Dec-23** | **45** | **1,660** | **-** | **174** | **14** | **3,559** | **1,660** | **4,569** |
| | **31-Dec-22** | **105** | **10,695** | **126** | **616** | **30** | **3,651** | **1,015** | **10,870** |

| *DIRECTLY AND INDIRECTLY-CONTROLLED COMPANIES* | | Revenues | Costs | Financial income | Financial charges | Trade receivables | Financial receivables and others | Trade payables | Financial payables and others |
|---|---|---|---|---|---|---|---|---|---|
| *Alisei S.r.l. in liquidation* | 31-Dec-23 | - | - | - | - | 3 | - | - | 1 |
| | 31-Dec-22 | - | - | - | - | 3 | - | - | 1 |
| *Bologna Strade soc.cons.a r.l.* | 31-Dec-23 | 81 | - | - | - | 23 | - | - | - |
| | 31-Dec-22 | 73 | - | - | - | 22 | - | - | - |
| | 31-Dec-23 | 2,661 | - | 13 | - | 2,992 | 78 | 5 | - |

| ***DIRECTLY AND INDIRECTLY-CONTROLLED COMPANIES*** | | **Revenues** | **Costs** | **Financial income** | **Financial charges** | **Trade receivables** | **Financial receivables and others** | **Trade payables** | **Financial payables and others** |
|---|---|---|---|---|---|---|---|---|---|
| *Cefalù Energia S.r.l.* | 31-Dec-22 | 3,580 | - | 1 | - | 3,014 | 84 | 5 | 150 |
| *Co.Ge.F. soc.cons.a r.l. in liquidation (*)* | 31-Dec-23 | - | (78) | - | - | - | - | - | - |
| | 31-Dec-22 | 60 | 69 | - | - | 1,081 | - | 696 | - |
| *Cons. Igiene Ospedaliera Soc.Cons.a r.l. in liquidation* | 31-Dec-23 | - | 12 | - | - | - | - | 62 | - |
| | 31-Dec-22 | 14 | 24 | - | - | 364 | - | 447 | - |
| *Consorzio Stabile CMF* | 31-Dec-23 | 12,639 | 2,088 | 136 | - | 7,883 | 523 | 1,590 | 107 |
| | 31-Dec-22 | 3,209 | 1,439 | 99 | - | 3,653 | 635 | 178 | 107 |
| *Cons. Servizi Toscana Soc.Cons.a.r.l. in liquidation (*)* | 31-Dec-23 | - | 16 | - | - | - | - | - | - |
| | 31-Dec-22 | - | - | - | - | 282 | - | 177 | - |
| *Gestlotto 6 Soc.Cons.a r.l. in liquidation* | 31-Dec-23 | - | - | - | - | - | 5 | - | - |
| | 31-Dec-22 | - | - | - | - | - | 5 | - | - |
| *Global Oltremare Soc.Cons.a.r.l in liquidation* | 31-Dec-23 | - | 6 | - | - | - | - | 106 | - |
| | 31-Dec-22 | - | 7 | - | - | - | - | 99 | - |
| *Ferraria Soc.Cons.a r.l.* | 31-Dec-23 | 3,519 | 4,202 | - | - | 3,232 | - | 3,094 | - |
| | 31-Dec-22 | 5,940 | 6,419 | - | - | 7,200 | - | 6,792 | - |
| *Gymnasium Soc.Cons.a r.l. in liquidation* | 31-Dec-23 | - | - | - | - | 1 | 8 | 33 | - |
| | 31-Dec-22 | - | - | - | - | 1 | 8 | 33 | - |
| *Isom Gestione Soc.Cons.a.r.l.* | 31-Dec-23 | 15,342 | 8,835 | 87 | - | 9,081 | - | 3,611 | 611 |
| | 31-Dec-22 | 22,256 | 15,791 | - | - | 12,676 | - | 8,115 | - |
| *Isom Lavori Soc.Cons.a.r.l.* | 31-Dec-23 | 834 | 321 | - | - | 1,104 | - | 577 | - |
| | 31-Dec-22 | 20 | 134 | - | - | 146 | - | 187 | - |
| *Infrastrutture Lombardia Servizi Soc. Cons. a r.l.* | 31-Dec-23 | 823 | 1,330 | - | - | 1,865 | - | 1,801 | - |
| | 31-Dec-22 | 1,164 | 1,480 | - | - | 1,614 | - | 1,420 | - |
| *H2H Facility Solutions S.p.a.* | 31-Dec-23 | 1,310 | 20 | 216 | - | 341 | 4,500 | 2 | 25 |
| | 31-Dec-22 | 2,235 | - | 94 | - | 649 | 3,345 | 14 | 15 |
| *H2H Cleaning S.r.l.* | 31-Dec-23 | 365 | 10 | - | - | 97 | 5 | 24 | 8 |
| | 31-Dec-22 | 162 | 13 | - | - | 165 | 4 | 35 | 6 |
| *Medical Device S.r.l.* | 31-Dec-23 | - | - | - | - | 11 | - | - | - |
| | 31-Dec-22 | - | - | - | - | - | - | - | - |
| *M.S.E. Soc. Cons. a r.l. in liquidation* | 31-Dec-23 | - | 1 | - | - | - | - | - | 5 |
| | 31-Dec-22 | - | 5 | - | - | - | - | 9 | - |
| | 31-Dec-23 | - | 5 | - | - | 75 | - | 10 | - |

| *DIRECTLY AND INDIRECTLY-CONTROLLED COMPANIES* | | Revenues | Costs | Financial income | Financial charges | Trade receivables | Financial receivables and others | Trade payables | Financial payables and others |
|---|---|---|---|---|---|---|---|---|---|
| *Palmanova servizi energetici soc.cons. a r.l. in liquidation* | 31-Dec-22 | - | 5 | - | - | 75 | - | 5 | - |
| *Progetto Sintesi Soc. Cons. a r.l.* | 31-Dec-23 | 7,845 | 7,629 | - | - | 1,280 | 2,730 | 2,088 | - |
| | 31-Dec-22 | 4,011 | 4,277 | - | - | 3,646 | 2,609 | 4,277 | - |
| *S.AN.CO. Soc. Conso a r.l. in liquidation (*)* | 31-Dec-23 | - | - | - | - | - | - | - | - |
| | 31-Dec-22 | 38 | (10) | - | - | 102 | 861 | (288) | 627 |
| *S.AN.GE Soc. Cons. a r.l. a Socio Unico* | 31-Dec-23 | 29,706 | 18,903 | 406 | - | 12,543 | 5,989 | 11,331 | - |
| | 31-Dec-22 | 31,187 | 18,911 | 209 | - | 16,643 | 5,699 | 15,934 | - |
| *Servizi Brindisi soc.cons.a r.l.* | 31-Dec-23 | - | (102) | - | - | 264 | 6 | (161) | - |
| | 31-Dec-22 | - | (9) | - | - | 264 | 7 | (59) | - |
| *Servizi Ospedalieri S.p.A.* | 31-Dec-23 | 1,730 | 13 | 3,972 | - | 924 | 47,429 | 22 | 12 |
| | 31-Dec-22 | 1,769 | 14 | 3,317 | - | 807 | 49,295 | 41 | 4 |
| *Telepost S.r.l.* | 31-Dec-23 | 607 | 908 | - | 18 | 170 | - | 187 | 311 |
| | 31-Dec-22 | 633 | 934 | - | 7 | 164 | - | 336 | 425 |
| *Logistica Sud-Est Soc. Cons. a r.l. in liquidation (*)* | 31-Dec-23 | - | 10 | - | - | - | - | - | - |
| | 31-Dec-22 | 96 | 263 | - | - | 37 | - | 45 | - |
| *Rekeep Digital S.r.l.* | 31-Dec-23 | 309 | 1,647 | 147 | - | 195 | 1,715 | 605 | 6 |
| | 31-Dec-22 | 315 | 3,331 | 76 | - | 82 | 2,410 | 2,103 | 6 |
| *San Gerardo Servizi Soc. Cons. a r.l.* | 31-Dec-23 | 6,466 | 6,364 | - | - | 4,682 | - | 5,481 | - |
| | 31-Dec-22 | 4,035 | 4,029 | - | - | 1,528 | - | 2,821 | - |
| *Rekeep World S.r.l.* | 31-Dec-23 | 373 | - | 1,492 | - | 412 | 21,355 | 4 | 15 |
| | 31-Dec-22 | 357 | - | 867 | - | 22 | 29,676 | 4 | 15 |
| *Rekeep Saudi Co.Ltd.* | 31-Dec-23 | 747 | - | - | - | 1,887 | - | - | - |
| | 31-Dec-22 | 707 | - | - | - | 1,140 | - | - | - |
| *Rekeep France S.a.s.* | 31-Dec-23 | - | - | - | - | - | 1 | - | - |
| | 31-Dec-22 | - | - | - | - | - | 1 | - | - |
| *MCF Servizi Integrati Soc. Cons. a r.l. in liquidation* | 31-Dec-23 | - | - | - | - | 365 | - | 5 | - |
| | 31-Dec-22 | - | - | - | - | 365 | - | 5 | - |
| *KANARIND Soc. Cons.a rl* | 31-Dec-23 | 10,917 | 7,386 | - | - | 5,788 | - | 3,762 | - |
| | 31-Dec-22 | 10,649 | 7,218 | - | - | 3,830 | - | 3,065 | - |
| *YOUGENIO S.r.l. in liquidation* | 31-Dec-23 | 23 | (2) | 223 | - | 28 | 3,471 | - | - |
| | 31-Dec-22 | 21 | - | 101 | - | 1 | 3,417 | 2 | - |
| *Rekeep Rail S.r.l.* | 31-Dec-23 | 284 | - | - | 280 | 326 | 5 | 1 | 4.835 |

| *DIRECTLY AND INDIRECTLY-CONTROLLED COMPANIES* | | Revenues | Costs | Financial income | Financial charges | Trade receivables | Financial receivables and others | Trade payables | Financial payables and others |
|---|---|---|---|---|---|---|---|---|---|
| | 31-Dec-22 | 268 | 4 | - | 173 | 109 | 10 | 1 | 3,671 |
| *DUC Gestione Sede Unica Soc. Cons a r.l.. (**)* | 31-Dec-23 | 9,886 | 4,509 | - | - | 7,099 | - | 4,526 | - |
| | 31-Dec-22 | - | - | - | - | - | - | - | - |
| *Treviso GS4 Soc. Cons. a r.l.* | 31-Dec-23 | 430 | 4,680 | 141 | - | 45 | 6,773 | 7,887 | - |
| | 31-Dec-22 | 466 | 6,753 | - | - | 1,624 | 4,003 | 5,057 | - |
| *IZAN+ so. Z o.o.* | 31-Dec-23 | - | 26 | - | - | - | - | 21 | - |
| | 31-Dec-22 | - | - | - | - | - | - | - | - |
| **TOTAL DIRECTLY AND INDIRECTLY-CONTROLLED COMPANIES** | **31-Decc-23** | **106,896** | **68,738** | **6,833** | **298** | **62,717** | **94,593** | **46,674** | **5,935** |
| | **31-Dec-22** | **93,266** | **71,103** | **4,763** | **180** | **61,306** | **102,069** | **51,556** | **5,027** |

*(*)Investment sold/wound-up in 2023*
*(**) Company controlled from 2023*

| *JOINT VENTURES* | | Revenues | Costs | Financial income | Financial charges | Trade receivables | Financial receivables and others | Trade payables | Financial payables and others |
|---|---|---|---|---|---|---|---|---|---|
| *DUC Gestione Sede Unica Soc.Cons.a r.l. (**)* | 31-Dec-23 | - | - | - | - | - | - | - | - |
| | 31-Dec-22 | 8,492 | 4,166 | - | - | 7,085 | - | 3,673 | - |
| *Legnago 2001 Soc.Cons.a r.l. in liquidation* | 31-Dec-23 | - | 2 | - | - | 158 | - | 81 | - |
| | 31-Dec-22 | - | 4 | - | - | 158 | - | 71 | - |
| *CO. & MA.Soc. Cons. a r.l in liquidation (*)* | 31-Dec-23 | - | 9 | - | - | - | - | - | 5 |
| | 31-Dec-22 | - | (73) | - | - | - | 20 | 676 | - |
| **TOTALE JOINT VENTURES** | **31-Dec-23** | **-** | **11** | **-** | **-** | **158** | **-** | **81** | **5** |
| | **31-Dec-22** | **8,492** | **4,098** | **-** | **-** | **7,243** | **20** | **4,420** | **-** |

*(*)Investment sold/wound-up in 2023*
*(**) Company controlled from 2023*

| *ASSOCIATES* | | Revenues | Costs | Financial income | Financial charges | Trade receivables | Financial receivables and others | Trade payables | Financial payables and others |
|---|---|---|---|---|---|---|---|---|---|
| *Arienes Soc.Cons. a r.l.* | 31-Dec-23 | 17,173 | 17,207 | - | - | 19,013 | - | 16,715 | - |
| | 31-Dec-22 | 21,678 | 20,528 | - | - | 21,678 | - | 20,528 | - |
| *Bologna Più Soc.Cons. a r.l. in liquidation (*)* | 31-Dec-23 | - | - | - | - | - | - | 3 | - |
| | 31-Dec-22 | - | - | - | - | - | - | 3 | - |

| *ASSOCIATES* | | Revenues | Costs | Financial income | Financial charges | Trade receivables | Financial receivables and others | Trade payables | Financial payables and others |
|---|---|---|---|---|---|---|---|---|---|
| *Global Provincia di Rimini Soc.Cons.a r.l. in liquidation (*)* | 31-Dec-23 | - | - | - | - | - | - | - | - |
| | 31-Dec-22 | - | - | - | - | - | 70 | - | - |
| *Global Vicenza soc.cons. a r.l.* | 31-Dec-23 | - | - | - | - | - | 10 | 17 | - |
| | 31-Dec-22 | - | - | - | - | - | 10 | 17 | - |
| *Logistica Ospedaliera Soc.Cons.a r.l.* | 31-Dec-23 | - | 4 | - | - | - | - | 17 | - |
| | 31-Dec-22 | - | 2 | - | - | - | - | 20 | - |
| *Newco DUC Bologna S.p.A.* | 31-Dec-23 | - | 5 | - | - | - | - | 65 | - |
| | 31-Dec-22 | - | - | - | - | - | - | 58 | - |
| *Roma Multiservizi S.p.A. in liquidazione* | 31-Dec-23 | 14 | 22 | - | - | 82 | - | 31 | - |
| | 31-Dec-22 | 91 | 5 | - | - | 79 | - | 5 | - |
| *Servizi Napoli 5 soc.cons. r.l.* | 31-Dec-23 | - | - | - | - | 3,439 | - | 2,038 | - |
| | 31-Dec-22 | 836 | 754 | - | - | 3,439 | - | 2,038 | - |
| *Bologna Global Strade Soc. Cons a r.l. in liquidation (*)* | 31-Dec-23 | 65 | - | - | - | - | - | - | 60 |
| | 31-Dec-22 | - | (50) | - | - | 39 | 383 | (159) | - |
| *Gestione Strade Soc. Cons. a r.l.* | 31-Dec-23 | 55 | 1,260 | - | - | 65 | 63 | 881 | - |
| | 31-Dec-22 | 177 | 1,365 | - | - | 122 | 63 | 800 | - |
| *S.E.I. Energia Soc. Cons. a r.l.* | 31-Dec-23 | 76 | 5,627 | 47 | - | 121 | 904 | 4,314 | - |
| | 31-Dec-22 | 49 | 7,055 | 22 | - | 184 | 880 | 5,395 | - |
| *2High S.r.l.* | 31-Dec-23 | 4 | 244 | 1 | - | 2 | 21 | 176 | - |
| | 31-Dec-22 | - | 283 | - | - | - | - | 167 | - |
| *Imola Verde e Sostenibile Soc. Cons. a r.l.* | 31-Dec-23 | 226 | 220 | - | - | 79 | - | 58 | - |
| | 31-Dec-22 | 297 | 292 | - | - | 211 | - | 198 | - |
| *BGP 2 Soc. Cons a r.l.* | 31-Dec-23 | - | - | - | - | - | - | 41 | - |
| | 31-Dec-22 | - | - | - | | - | - | - | - |
| *GR.A.AL. Soc. Cons. a r.l.* | 31-Dec-23 | 15 | - | - | - | 15 | - | - | - |
| | 31-Dec-22 | - | - | - | | - | - | - | - |
| *Toscana Energia Nord Ovest (T.E.N.OV.) S.r.l.* | 31-Dec-23 | 2,273 | 51 | - | - | 1,618 | - | 655 | 315 |
| | 31-Dec-22 | - | - | - | | - | - | - | - |
| **TOTAL ASSOCIATES** | **31-Dec-23** | **19,901** | **24,640** | **48** | **-** | **24,433** | **999** | **25,012** | **375** |
| | **31-Dec-22** | **23,128** | **30,234** | **22** | **-** | **25,752** | **1,406** | **29,070** | **-** |

*(*) Investment sold/wound-up in 2023*

| *SUBSIDIARIES AND ASSOCIATES OF MSC* | | 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-23 | - | - | - | - | 1 | - | - | - |
| | 31-Dec-22 | - | - | - | - | 1 | - | - | - |
| *Nugareto Società Agricola Vinicola S.r.l.* | 31-Dec-23 | - | 41 | - | - | 1 | - | 121 | - |
| | 31-Dec-22 | 1 | 49 | - | - | 1 | - | 72 | - |
| *Segesta S.r.l.* | 31-Dec-23 | 4 | - | - | - | 2 | 1 | - | - |
| | 31-Dec-22 | 6 | - | - | - | 2 | 1 | - | - |
| *Sacoa s.r.l.* | 31-Dec-23 | - | - | - | - | - | - | - | - |
| | 31-Dec-22 | 40 | 779 | - | - | 25 | - | 619 | - |
| **TOTAL SUBSIDIARIES OF MSC** | **31-Dec-23** | **4** | **42** | **-** | **-** | **4** | **1** | **121** | **-** |
| | **31-Dec-22** | **46** | **828** | **-** | **-** | **29** | **1** | **692** | **-** |
| *Consorzio Karabak Società Cooperativa* | 31-Dec-23 | 91 | 1 | - | - | 31 | - | 1 | - |
| | 31-Dec-22 | 63 | 1 | 4 | - | 21 | - | 1 | - |
| *Consorzio Karabak Due soc.coop* | 31-Dec-23 | 5 | - | - | - | 2 | - | - | - |
| | 31-Dec-22 | 4 | - | - | - | 1 | - | - | - |
| *Consorzio Karabak Quattro coop* | 31-Dec-23 | - | - | - | - | - | - | - | - |
| | 31-Dec-22 | - | 1 | - | - | - | - | 1 | - |
| *SACOA Servizi Telematici S.r.l.* | 31-Dec-23 | - | 3 | - | - | - | - | 5 | - |
| | 31-Dec-22 | - | 3 | - | - | - | - | 2 | - |
| **TOTAL ASSOCIATES OF MSC** | **31-Dec-23** | **97** | **4** | **-** | **-** | **33** | **-** | **6** | **-** |
| | **31-Dec-22** | **66** | **5** | **5** | **-** | **22** | **-** | **3** | **-** |

| | | Revenues | Costs | Financial income | Financial charges | Trade receivables | Financial receivables and others | Trade payables | Financial payables and others |
|---|---|---|---|---|---|---|---|---|---|
| **TOTAL RELATED PARTIES** | **31-Dec-23** | **126,944** | **95,094** | **6,881** | **471** | **87,359** | **99,152** | **73,554** | **10,885** |
| | **31-Dec-22** | **125,103** | **16,963** | **4,917** | **795** | **94,382** | **107,146** | **86,757** | **15,897** |

Sometimes technical services and works are performed in favor of individuals who hold top management positions within the Rekeep Group, on the basis of contracts entered into at arm's length. As at 31 December 2023, contract assets were recognized, equal to € 1,353 thousand (€ 396 thousand at 31 December 2022) against the aforesaid services the Company provided to individuals holding top management positions.

Below are the main contracts in place within the Group controlled by MSC:

- MSC Società di Partecipazione tra Lavoratori S.p.A. has 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 contract has a 6-year term, tacitly renewable; it was supplemented with an additional 5-year contract as from 1 January 2023. The total annual rent is expected to be € 364 thousand, to be paid in 12 monthly installments.

The Company signed agreements with the Parent Company MSC Società di Partecipazione tra Lavoratori S.p.A. and other Group companies, for the provision oftax consultancy services;

- 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 preparing 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 the "Acquisition of the "Major Customers" business unit";
- Starting from 2004, the Company applied the tax consolidation of the Parent Company 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. Relations between the consolidating company MSC Società di Partecipazione tra Lavoratori S.p.A. and the consolidated company, deriving from the transfer to the Parent Company of taxable amounts and tax losses, generated by the consolidated company, are regulated contractually.

The Company is subject to the management and coordination activities of MSC Società di Partecipazione tra Lavoratori S.p.A. and, pursuant to Article 2497-bis, paragraph 4 of the Italian Civil Code, the key figures of the latest set of approved financial statements are provided below:

| | 31 December 2022 | 31 December 2021 |
|---|---:|---:|
| **STATEMENT OF FINANCIAL POSITION** | | |
| **ASSETS** | | |
| A) Subscribed capital, unpaid | - | 6 |
| B) Fixed assets | 88,622 | 96,514 |
| C) Working capital | 16,044 | 12,289 |
| D) Accrued income and prepaid expenses | - | 542 |
| **TOTAL ASSETS** | **104,666** | **109,351** |
| **LIABILITIES** | | |

| | 31 December 2022 | 31 December 2021 |
|---|---|---|
| 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)** |

### *Fees due to the members of the governing and control bodies and to executives with strategic responsibilities*

Fees paid to members of governing and control bodies reported below include the total fees paid for any reason and in any form to the members of these corporate bodies during 2023, as well as those paid to the Executives with Strategic Responsibilities:

| | 31 December 2023 | 31 December 2022 |
|---|---|---|
| **BOARD OF DIRECTORS** | | |
| Short-term benefits | 329 | 329 |
| **TOTAL BOARD OF DIRECTORS** | **329** | **329** |
| **BOARD OF STATUTORY AUDITORS** | | |
| Short-term benefits | 73 | 73 |
| **TOTAL BOARD OF STATUTORY AUDITORS** | **73** | **73** |
| **OTHER STRATEGIC EXECUTIVES** | | |
| Short-term benefits | 2,758 | 2,491 |
| Subsequent benefits | 108 | 111 |
| **TOTAL OTHER STRATEGIC EXECUTIVES** | **2,866** | **2,602** |

The table below reports the fees accrued in 2023 for the audit and non-audit services rendered by EY S.p.A and by entities in their network:

| | 31 December 2023 | 31 December 2022 |
|---|---|---|
| Audit services | 430 | 408 |
| Other services | 2,278 | 2 |
| Other certifications | - | 11 |
| **TOTAL FEES DUE TO THE EY S.p.A. NETWORK** | **2,708** | **422** |

## 36. FINANCIAL RISK MANAGEMENT

Management of financial requirements and the relative risks (mainly interest rate and liquidity risk) is performed centrally by the Rekeep Group's finance function on the basis of guidelines approved by the Board of Directors, which are reviewed periodically. Themain objective of these guidelines is to guarantee the presence of a liability structure that is balanced with the composition of assets in the financial statements, in order to maintain a high level of capital strength.

During the last quarter of the 2017 financial year the parent company MSC Società di Partecipazione tra Lavoratori S.p.A. carried out a corporate reorganization and refinancing of the entire Manutencoop Group through a newco (CMF S.p.A.). On 6 July 2017, CMF S.p.A. launched a high-yield bond issue named "€360,000,000 9.0% Senior Secured Notes due 2022", which is not convertible and not subordinated, for a total amount on account of principal of € 360 million and due 15 June 2022. Furthermore, on 1 July 2018 the merger of CMF S.p.A. by incorporation into its subsidiary Rekeep S.p.A. was completed according to Article 2501-bis (merger with debt). The merger entailed the acquisition of the bond issue directly on the part of Rekeep S.p.A.. Finally, during 2019 and 2020 some separate buy-back transactions of Senior Secured Notes were carried out for a total amount of € 26.1 million, and, therefore, the outstanding nominal value of the bond was equal to € 333.9 million at 31 December 2020.

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 nominal 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 have been formally registered in the same series as the latter ones.

The other financial instruments that are traditionally used by the Group Companies are made up of:

- short-term loans and revolving non-recourse and recourse factoring transactions, as well as reverse factoring, targeted at funding working capital.
- very short-term credit facilities used for contingent cash requirements.
- medium/long-term loans with a multi-year repayment plan to cover investments in fixed assets and acquisitions of companies and business units.

The Company also uses trade payables deriving from operations as financial instruments. The corporate policy is not to trade financial instruments.

The Company's debt as at 31 December 2023 was € 474,363 thousand, down from € 479,389 thousand at 31 December 2022. As at 31 December 2023, the Directors considered that the Company's level of indebtedness, described in detail in Note 19 above, was sustainable, taking into account the Company's expected results for the current and next financial year, the expected cash flows for the next 12 months, which are deemed sufficient to honor its obligations for the same period of time, as well as any possible future assessments and actions regarding debt management.

The Directors monitor the Company's current cash flows and ability to generate prospective cash flows on an ongoing basis in order to meet its commitments in an efficient and effective manner.

The Company’s financial instruments were classed into three levels provided by IFRS 7. In particular, the hierarchy of fair value is defined in the following levels:

- Level 1: corresponds to prices of similar liabilities and assets listed on active capital markets;
- Level 2: corresponds to prices calculated through features taken from observable market data;
- Level 3: corresponds to prices calculated through other features that are different from observable market data.

The table below shows the hierarchy for each class of financial asset measured at fair value as at 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 at fairvalue through profit or loss | | | | | | | | |
| Financial receivables, securities and other non-current financial assets | 1,101 | 101 | | 1,00 | 1,101 | 101 | | 1,00 |
| *of which securities* | 1,101 | 101 | | 1,00 | 1,101 | 101 | | 1,00 |
| Available for sale financial assets | | | | | | | | |
| Financial receivables and other current financial assets | 0 | | | | 0 | | | |
| *of which hedging derivatives* | 0 | | | | 0 | | | |
| *of which non-hedging derivatives* | 0 | | | | 0 | | | |
| **TOTAL FINANCIAL ASSETS** | **1,101** | **101** | | **1,00** | **1,101** | **101** | | **1,00** |

During 2023 the Company did not make recourse to hedging derivatives. In 2023 there were no transfers between fair value measurement levels.

There were no changes in allocation of financial assets that led to a different class of assets. The Company 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 financial statements, as required by IFRS 7, and the associated economic effects for the year closed as at 31 December 2023:

| | 31 December 2023 | Financial Assets at Fair value through OCI | Loans and receivables |
|---|---|---|---|
| **Non-current financial assets** | | | |
| Other investments | 5,980 | 5,980 | |
| Non-current financial assets | 37,476 | | 37,476 |
| Other non-current assets | 2,584 | | 2,584 |
| **Total non-current financial assets** | **46,040** | **5,980** | **40,060** |
| **Current financial assets** | | | |
| Trade receivables and advances to suppliers | 293,775 | | 293,775 |
| Current tax receivables | 4,405 | | 4,405 |
| Other current assets | 23,658 | | 23,658 |
| Current financial assets | 64,322 | | 64,322 |
| Cash and cash equivalents | 32,648 | | 32,648 |
| **Total current financial assets** | **418,808** | **0** | **418,808** |
| **Total financial assets** | **464,848** | **5,980** | **458,868** |
| **Financial income** | **7,407** | **0** | **7,407** |

| | 31 December 2023 | Financial Liabilities at Fair Value in Equity/Income Statement | Financial Liabilities measured at amortized cost |
|---|---|---|---|
| **Non-current financial liabilities** | | | |
| Non-current loans | 379,500 | | 379,500 |
| **Total non-current financial liabilities** | **379,500** | **0** | **379,500** |
| **Current financial liabilities** | | | |
| Trade payables and contract liabilities | 258,996 | | 258,996 |
| Short-term loans | 94,863 | | 94,863 |
| **Total current financial liabilities** | **353,859** | **0** | **353,859** |
| **Total financial liabilities** | **733,359** | **0** | **733,359** |
| **Financial (charges)** | **(45,669)** | **0** | **(45,669)** |

The same information is reported below for the financial year ended 31 December 2022:

| | 31 December 2022 | Financial Assets at Fair value through OCI | Loans and receivables |
|---|---|---|---|
| **Non-current financial assets** | | | |
| Other investments | 5,980 | 5,980 | |
| Non-current financial assets | 55,904 | | 55,904 |
| Other non-current assets | 2,134 | | 2,134 |
| **Total non-current financial assets** | **64,019** | **5,980** | **58,038** |
| **Current financial assets** | | | |
| Trade receivables and advances to suppliers | 340,789 | | 340,789 |
| Current tax receivables | 3,242 | | 3,242 |
| Other current assets | 43,394 | | 43,394 |
| Current financial assets | 65,949 | | 65,949 |
| Cash and cash equivalents | 55,291 | | 55,291 |
| **Total current financial assets** | **508,665** | **-** | **508,665** |
| **Total financial assets** | **572,683** | **5,980** | **566,703** |
| **Financial income** | **6,805** | **-** | **6,805** |

| | 31 December 2022 | Financial Liabilities at Fair Value in Equity/Income Statement | Financial Liabilities measured at amortized cost |
|---|---|---|---|
| **Non-current financial liabilities** | | | |
| Non-current loans | 378,326 | | 378,326 |
| **Total non-current financial liabilities** | **378,326** | **-** | **378,326** |
| **Current financial liabilities** | | | |
| Trade payables and contract liabilities | 327,247 | | 327,247 |
| Short-term loans | 101,063 | | 101,063 |
| **Total current financial liabilities** | **428,309** | **-** | **428,309** |
| **Total financial liabilities** | **806,636** | **-** | **806,636** |
| **Financial (charges)** | **(38,209)** | **-** | **(38,209)** |

### *Liquidity risk*

The Company'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 Company is characterized by a labor-intensive model which does not involve significant requirements of capital for investments. However, the customers are mainly composed of public authorities, known for long payment times in respect of the services provided. This aspect means that the Company has to also finance working capital through bank indebtedness.

For this purpose the Company 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 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 non-recourse assignment and 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 € 300 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 only from the National Health System and was renewed on 31 January 2024, with expiry date on 25 January 2028.

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 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*

The only possible risk of this kind to which the Company is exposed concerns changes in the price of oil products, in relation to heat management activities.

However, these changes are, in certain cases accommodated by the conditions of contracts in place with customers, given that price revision is provided for both by contract, and by Article 115 of Decree Law no. 163 of 12 April 2006. In any case, the management monitors price trends and takes any corrective measures that are regarded as being more appropriate to deal with price fluctuations.

### *Credit risk*

The Company has contracts in place with Public Administration, a situation that does not present insolvency problems, but which requires 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 Company. Furthermore, given the continuing economic downturn, the Company 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 Company's financial instruments recorded in the financial statements do not deviate from fair value, given that they are at a variable short/medium-term rate and at market interest rates.

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 | 32,648 | 55,291 | 32,648 | 55,291 |
| Receivables and other current financial assets | 64,322 | 65,949 | 64,322 | 65,949 |
| Other minority interests | 5,980 | 5,980 | 5,980 | 5,980 |
| Non-current financial receivables | 37,476 | 55,904 | 37,476 | 55,904 |
| **Financial liabilities** | | | | |
| **Loans:** | | | | |
| - Variable rate loans | 15,600 | 9,794 | 15,600 | 9,794 |
| - Fixed rate loans | 383,584 | 392,410 | 383,584 | 392,410 |
| Other current financial liabilities | 75,179 | 77,184 | 75,179 | 77,184 |

### *Interest rate risk*

With the refinancing transaction carried out through CMF S.p.A., the Company 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 Company consists of the Senior Security Notes bond issue with a coupon at a fixed rate of 7.25% (the rate of the previous bond issue was equal to 9%).

In addition to the bond issue the Company 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 Company, 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 Company's indebtedness mix is then mainly linked to medium/long-term fixed interest rates.

The breakdown of financial instruments exposed to interest rate risks is listed in note 19, to which reference should be made as regards Loans, in addition to the entries stated in the balance sheet items Cash and cash equivalents in Note 15, Receivables and other current financial assets in Note 14 and Non-current financial assets in Note 9.

### *Interest rate sensitivity analysis*

The structure of the 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 Company makes recourse to variable rate loans, which are linked to the EURIBOR performance.

The following table shows the sensitivity of pre-tax profit in the period, as a result of reasonably possible changes in interest rates, maintaining all other variables constant:

| | Increase / Decrease | Effect on profit (loss) before tax (in thousands of Euro) |
|---|---|---|
| **Financial year ended 31 December 2023** | +150 bps | (401) |
| | -30 bps | 80 |
| **Financial year ended 31 December 2022** | +150 bps | 170 |
| | -30 bps | (34) |

The debt structure is marginally affected by changes in market rates, since it is mainly focused on forms of financing subject to the payment of interest determined on the basis of fixed rates, as described above. For the remainder, the Company prefers floating-rate financing, linked to EURIBOR trends.

### *Exchange rate risk*

The Company operates in the national market and, therefore, it is not exposed to exchange rate risk.

### *Capital management*

The key objective of the Company'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 Company 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 Company can adjust the dividends paid to shareholders, repay principal or issue new shares.

The Company checks its debt ratio, by assessing the ratio of net debt to the total of own equity and net debt. The Company includes, in 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 | 3,157 | 3,631 |
| Interest-bearing loans | 474,363 | 479,389 |
| Trade payables and other payables | 367,330 | 454,173 |
| Cash and current financial assets | (96,970) | (121,240) |

| | 31 December 2023 | 31 December 2022 |
|---|---|---|
| **Net debt** | **747,881** | **815,952** |
| Capital | 109,150 | 109,150 |
| Reserves and retained earnings | 18,106 | 11,594 |
| **Total capital** | **127,256** | **120,744** |
| **EQUITY AND NET DEBT** | **875,137** | **936,696** |
| **INDEBTEDNESS RATIO** | **85%** | **87%** |

There was a decrease in the debt ratio compared to 31 December 2022, as a result of the twofold effect of :

- on the one hand, there was a decrease in indebtedness recorded during 2023;
- on the other hand, there was an increase in the Net worth, precisely against the profit recorded in the period, as well as the recognition of the negative equity reserve for a total value of € 167 thousand arising from the transaction under common control for the transfer of the “Major Customers” business unit.

## 37. OTHER INFORMATION

In 2023 the Company received some financial benefits from Public Authorities or entities treated as such as referred to in Law no. 124of 4 August 2017 bearing “*Annual Act on market and competition*”.

Specifically, during the 2023 financial year Rekeep S.p.A. achieved income from tax credits of € 11,596 thousand (€ 24,185 thousand at 31 December 2022), concerning the tax credit to partially offset 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, as detailed above.

Furthermore, the Company has soft loans (“Artigiancassa Loan” and “SACE Loan”) in place, which are detailed in note 19 above.

For more information on the additional financial benefits obtained and reported in the “National Register of State Aids” , you are invited to consult the website www.rna.gov.it, section “TRANSPARENCY - PERSONAL AID".

## 38. 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.

## 39. ALLOCATION OF THE PROFIT FOR THE YEAR

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

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

Zola Predosa, 21 March 2024

**The Chairman**

Claudio Levorato

# Indipendent auditor's report

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# Rekeep S.p.A.

Financial statements as of December 31, 2023

Independent auditor's report pursuant to article 14 of Legislative Decree n. 39, dated 27 January 2010

EY S.p.A.
Via Massimo D'Azeglio, 34
40123 Bologna

Tel: +39 051 278311
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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 Financial Statements

### Opinion

We have audited the financial statements of Rekeep S.p.A. (the "Company"), which comprise the statement of financial position as of December 31, 2023, and the statement of profit or loss, the statement of other comprehensive income, statement of changes in in shareholders' equity and statement of cash flows for the year then ended, and explanatory notes to the financial statements, including material accounting policy information.

In our opinion, the financial statements give a true and fair view of the financial position of the Company as at 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 Financial Statements* section of our report.
We are independent of the Company 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 financial statements in which the directors describe the events that led to a net financial position of 377 million as of 31 December 2023. 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 Company'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 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, 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 on note "*18. Provisions for risks and charges*" of the financial statements in which the directors describe the assessments made 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 Financial Statements

The Directors are responsible for the preparation of the 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 Company's ability to continue as a going concern and, when preparing the financial statements, for the appropriateness of the going concern assumption, and for appropriate disclosure thereof. The Directors prepare the financial statements on a going concern basis unless they either intend to liquidate the Company 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 Company's financial reporting process.

## Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the 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 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 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 Company'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 Company'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 Company [the Group] to cease to continue as a going concern;
- we have evaluated the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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 S.p.A. as of December 31, 2023, including its consistency with the related 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 financial statements of Rekeep S.p.A. 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 financial statements of Rekeep S.p.A. 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.*

# Minutes of the shareholders' meeting

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**3REKEEP S.p.A. (Sole-Shareholder Company)**

Via Ubaldo Poli n. 4

40069 Zola Predosa (Bologna)

VAT – tax Code and Bologna Register of Companies no. 02402671206

Share capital € 109,149,600 fully paid-up

“Company subject to management and coordination by

MSC Società di Partecipazione tra Lavoratori S.p.A. - Zola Predosa (BO

## MINUTES OF THE ORDINARY SHAREHOLDERS’ MEETING - APRIL 29, 2024

On this day, Monday, 29 April 2024, at **9:10** a.m., the Ordinary Shareholders' Meeting of Rekeep S.p.A. was validly convened and held at the registered office in Zola Predosa (BO), Via Poli no. 4, in accordance with the By-Laws, by e-mail on 21 March 2024.

Pursuant to art. 16 of the By-Laws, the Vice Chairman of the Board of Directors, Mr. Claudio Levorato, took the chair of the Meeting, noting that:

- the Sole Shareholder, MSC Società di Partecipazione tra Lavoratori S.p.A. (“**MSC**”), holding 109,149,600 shares, representing **100%** of the share capital, was present in the person of its Chairman, Mrs. Maria D’Amelio;
- the members of the Board of Directors were present in the persons of the Chairman himself and, by conference call, of the Vice-Chairman, Mr. Paolo Leonardelli, and of Directors, Messrs. Giuliano Di Bernardo (Chief Executive Officer), Linda Faiola, Francesco Silvestrini and Matteo Tamburini;
- the members of the Board of Statutory Auditors were also present, by conference call, in the persons of Messrs. Germano Camellini (Chairman of the Board of Statutory Auditors), Marco Benni (Standing Auditor), and Mr. Giacomo Ramenghi (Standing Auditor).

After noting that the current By-Laws do not require the advance deposit of the share certificates, the Chairman of the Meeting established the identity of all those present – expressly including those attending the meeting via teleconference as per the instructions circulated in advance -, and that everyone was in the condition to attend the meeting, follow the discussion and took the floor in real time; he also established that the meeting had been duly convened and that the Shareholder referred to above was entitled to attend it; he then declared that the meeting had been validly constituted and authorized to pass resolutions on the following agenda:

- **Financial Statements at 31 December 2023, Directors’ Report on Operations, the Board of Statutory Auditors’ Report and the Independent Auditors’ Report: related and consequent resolutions.**

The Chairman proposed to the Meeting, which approved, the appointment of the Secretary in the person of Mr. Claudio Bazzocchi, who accepted.

***

**Financial Statements at 31 December 2023, Directors' Report on Operations, the Board of Statutory Auditors' Report and the Independent Auditors' Report: related and consequent resolutions.**

The Chairman of the Meeting noted that the Draft Financial Statements approved by the Board of Directors' meeting held on 21 March 2024 had been made available to the Shareholders, the Statutory Auditors and the Independent Auditors on the same date.

The Chairman briefly illustrated the main items of the Financial Statements at 31 December 2023, prepared in accordance with the International Financial Reporting Standards (IFRS), and the Report on Operations prepared by the Directors – after having omitted the reading thereof with the unanimous consent of all those present, since these documents were already in their hands.

The Chairman then went on to read the Independent Auditor's Report issued by EY S.p.A. in accordance with article 14 of Legislative Decree no. 39 of 27 January 2010.

Upon completion of the reading, the Chairman of the Board of Statutory Auditors, Mr. Germano Camellini, took the floor and, after having omitted the full reading, again with the unanimous consent of all those present, provided the Meeting only with the details on the final sections of the Board of Statutory Auditors' Report on the Financial Statements at 31 December 2023, issued in accordance with art. 2429 of the Italian Civil Code.

Finally, the Chairman of the Meeting then read the proposal on the allocation of the profit, as submitted by the Board of Directors and stated in the Financial Statements documentation described above.

***

After having omitted the reading thereof with the unanimous consent of all those present, in this case too, the Chairman of the Meeting briefly illustrated the Consolidated Financial Statements at 31 December 2023, which were also prepared in accordance with the International Financial Reporting Standards (IFRS), pointing out that the Report on Operations on the consolidated accounts had been prepared in unified form with the Report on Operations on the Separate Financial Statements described above.

The Chairman then went on to acknowledge the Independent Auditors' Report on the Consolidated Financial Statements at 31 December 2023 issued by EY S.p.A. in accordance with article 14 of Legislative Decree no. 39 of 27 January 2010.

***

The Chairman then invited all those presents to take the floor on the documents that had been submitted.

The Chairman invited the Meeting to approve the Separate Financial Statements at 31 December 2023, accompanied by the Report on Operations, the Statutory Auditors' Report and the Independent Auditors' Report.

After noting:

- the Separate Financial Statements at 31 December 2023, accompanied by the Report on Operations, the Statutory Auditors' Report and the Independent Auditors' Report, as well as of the Consolidated Financial Statements accompanied by the Report on Operations and the Independent Auditors' Report, the Meeting, by an open and unanimous vote,

APPROVED

- the Separate Financial Statements at 31 December 2023, together with the Report on Operations; and
- the allocation of the result for the year, as suggested therein, that is: *in view of the fact that the limits provided for in art. 2430 of the Italian Civil Code for the Legal Reserve have been reached, it is proposed to use the entire profit for the year amounting to Euro 6,672,158.94 to partially cover the accumulated losses of previous years, which, as a result of the aforesaid use, will be reduced to Euro 27,923,764.50.*

At **9:30** a.m. the Shareholders' Meeting was formally adjourned following the approval of these minutes.

| **The Secretary** | **The Chairman** |
|---|---|
| Claudio Bazzocchi | Giuliano Di Bernardo |

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